

**INSIDE: SEPT. 11, 1986—BLACK THURSDAY**

# Maclean's

SEPTEMBER 22, 1986

CANADA'S WEEKLY NEWSMAGAZINE

\$1.75

## TV BOILS OVER

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Broadcasting**



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CANADA'S WEEKLY NEWSMAGAZINE

# Maclean's

SEPTEMBER 22, 1986 VOL. 98 NO. 38

### COVER

#### TV boils over

As the fall TV season swings into action, a dramatic scenario is being played out behind the scenes. The protagonists are rich and powerful men whose two networks are vying for control of the Western world's most pervasive medium. Meanwhile, the old networks' executives are scrambling to trim costs and avert their increasingly fragmented audience. —Page 38

COVER ART BY BOB MCGEE



#### Growing crises on the farm

A labor dispute that halted wheat shipments from Thunder Bay was the latest blow in what has been a season of problems for Canadian grain farmers. —Page 19



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#### The odd couple

Mia Mulrany and cartoonist Ben Wicks were two of the judges in a national children's art and literature contest to benefit organizers of the Third World. —Page 46



#### Crackdown in Chile

On the 12th anniversary of the coup that brought him to power, President Augusto Pinochet survived an assassination attempt and imposed a state of siege. —Page 26



#### Black Thursday—1986

Jittery investors reacted to a troubled money company with a speculative trading binge that resulted in the worst decline since the 1929 stock market crash. —Page 32



## Canadians at risk

Gerald Caplan's column about Nicaragua ("A uniquely Canadian dilemma," Aug. 15) puts the Canadian government's pitiful Central American policy in its proper perspective. External Affairs Minister Joe Clark's failure to respond either in Parliament or outside to the American-sponsored lifeline has exposed the Conservative obsession with taffing Ronald Reagan, no matter what the cost to our national integrity.

—BRIAN JERRY  
Ottawa

Gerald Caplan's column raised an important question: what will the Prime Minister do to help prevent Canadian volunteers from being murdered in Nicaragua by U.S.-backed contras? As one of the solidarity groups mentioned in the column, we have a direct interest in this issue. Canadian Action for Nicaragua (CAN) organizes harvest brigades and study tours to Nicaragua. We can confirm Caplan's observation that "Canadians will not stay going to Nicaragua to help." Our experience indicates that there is a growing interest on the part of Canadians to volunteer. It seems to us that this reflects a growing outrage on the part of people right across the country against U.S.-backed terrorism in Nicaragua.

—THE OCCIDENTAL,  
CAN-CO-OPERATION,  
Toronto

## The forgotten homeless

Your article on the history of refugees ("Era of the homeless," Cover, Aug. 25) is selective. While the headlines of 1930 do merit mention, there is no reference



Clark, exposing a Tory obsession

to the modern victims of war and expulsion: the Palestinians. They have been living their lives in the grim refugee camps of the Middle East for nearly 40 years, and the United Nations Relief and Works Agency lists over two million of them. Many of the world's political leaders manage to ignore the Palestinians. It is sad indeed if writers of historical articles are unaware of their tragedy.

—ROBERT MACQUELLEN,  
The Smeets,  
Ottawa

## A predictable reaction

As reported in your story about the death of Alfred Farrott ("The horror of child murders," Crime, Aug. 11), there was the predictable knee-jerk reaction to bring back the death penalty. Since Canada abolished this barbaric practice in 1976, the annual homicide rate has dropped 5 per cent. There is no serious killing these who kill to show that killing is wrong.

—D. PAUL DONALD,  
Scarboro, Que.

## Lacking local competition

George Buz's conclusions don't follow from the facts that he presents in his analysis of the Ottawa Chimes as an example of a quality newspaper without local competition ("Good news in a one-paper town," Media Watch, Aug. 25). The paper has English competition from The Globe and Mail, the Montreal Gazette and The Toronto Star. However, there is a sort of local competition lacking here, a fourth, street-level journal such as The Toronto Star.

—JOHN VAUGHN BROWN,  
Ottawa

Letters are edited and may be condensed. Writers should supply names, addresses and telephone numbers. Most correspondence to Letters to the Editor, Mailbox 1000, Ottawa, Ontario K1P 6H7, 777 Bay St., Toronto Ont. M5W 1A7.

ILL. Steve Fongy Sr., 68, father of unemployed Canadian runner Steve Fongy Jr., of imperille long cancer, in Vancouver. The elder Fongy accompanied his son, who lost a leg to cancer as a child, in his cross-Canada run last year, maintaining his progress from a van. Fongy Sr. said last week that doctors had told him he had 20 weeks to live without undergoing treatment but that his son was still scheduled to run through Britain later this year to raise money for cancer research.

AFFORTED: Former secretary of state David MacDonald, 50, as Canadian ambassador to Ethiopia, by External Affairs Minister Joe Clark, in Ottawa. MacDonald, a United Church minister from Prince Edward Island, served in the short-lived Clark government from 1979 to 1980. In 1984-85 he won prison for his 16-month stint as Canadian justice minister on conviction for Africa during the severe drought which killed millions of Ethiopians.

BIRD: French photographer Jacques-Henri Lartigue, 84, one of the most renowned camera artists of the century, in hospital in Nice, in the south of France. He took more than 500,000 photographs, beginning when he was 8, and he was best known for the elegant images he recorded in the decade before the First World War. In many ways that period was a golden, multi-age and Lartigue's record of French families enjoying the dreamlike enchantment of the times remains an evocative reminder of a world during its interval of peace.

SENTENCED: Patriarch of the Greek fashion empire Aldo Gucci, 50, to a year and a day in prison for evading more than \$1 million in personal federal income taxes, by Judge Vincent Broderick, in New York. Gucci, an Italian citizen, has agreed to pay the back taxes to the U.S. government. He will be eligible for parole four months after he begins his prison term on Oct. 15.

APPLIED: For bankruptcy, Peter Denner, 33, the former Mississauga, Ont., developer who was convicted in 1974 of engineering the murder of his Italian model wife, Christine, and in 1985 of attempting to hire assassins to murder a cousin's son, in Toronto. Police have seized assets worth more than \$700,000 in the Belleville, Ont., apartment of Denner's fiancée, Lisa Ross. Denner had claimed that he had shifted the holdings to the South Pacific nation of Vanuatu (formerly the New Hebrides) to be held in trust for his daughter. In his application for bankruptcy, Denner declared that he owes more than \$300,000.

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# The solution to Canada's tragic 4,000 traffic deaths a year isn't just better cars. It's better drivers.



Here's how professional driver training of young people can cut the toll by almost a third over the next five years. And what Texaco is doing to help.

If it was a disease that was killing Canadians at the rate we do on our highways, it would be an epidemic. We would rally, organize, and work to stamp it out. But over the years the newspaper images of mangled metal have taken a numbing toll on our minds. Did the picture on the opposite page shock you? Likely not.

And that should tell you just how desensitized we've become to the carnage.

The statistics should shock us: 4,353 killed on our roads last year, almost 250,000 injured.

Traffic accidents are now the leading cause of death for Canadians under 34. A terrible, needless waste of our young, our future.

Texaco believes, as grim as the facts are, that there is hope. And it starts with the most shocking statistic of all:

85% of all traffic accidents are due to human error. Drivers who make mistakes. Deadly mistakes.

But this also means that 85% of traffic accidents are preventable.

## Drive to survive.

Of the people who get their drivers' licences in Ontario each year, 60% don't have formal training.

If we can put more new drivers on our roads who are more highly trained in the demanding skill of leaving a car, we can save lives.

Every new driver was a graduate of a professional driver training program: calm, alert, and well-versed in defensive driving techniques. We could cut our death toll dramatically. Perhaps by as much as a third in the next five years.

Teaching your teenager to drive could be dangerous—because you may unknowingly pass on deadly habits. (Many people who have been driving for years still need re-training courses.)

## Good driver? Bad teacher.

Test yourself right now on how good a driver you are.

When a traffic light turns green you step on the gas and proceed with caution. Right?

Wrong.

You should always look left, center, right and left again before proceeding to be certain all traffic has cleared an intersection. (Nearly half of all accidents happen right here.)

If you failed this test, let a professional teach your teenager to drive. And survive.

Texaco is making the reduction of traffic deaths and injuries our cause.

And we're not going to just talk about it, we're going to do something about it.

**A 10% reduction in the cost of professional driver training.**

Starting now, we'll arrange for a 10% reduction in the cost of sending your teenager to Young Drivers of Canada, one of the best driver training programs available.

We'll do the same for older drivers, too.

Our 'Drive to Survive' information kit contains full details on our cost-reduction program, as well as the application that qualifies you for this reduction.

The kit is available by calling toll-free:  
**1-800-268-4320**

Or drop by a nearby Texaco service station and pick one up.

Proper driver training is costly—but there's no comparison with the cost of human lives. That's priceless.

Course fees are federally tax deductible by the student, and there may be substantial insurance reductions which could easily save the initial expense in a very short time.

(You're a driver for life remember, and accident-free drivers tend to pay less for insurance.)

## Just the beginning.

Texaco will also be taking steps to raise public concern about traffic fatalities and the vital importance of professional driver training in many other ways too.

We want to stop the carnage. And better drivers mean fewer accidents.

It may not stop all the traffic deaths and injuries, but it's a start.

Because the way we see it, our job isn't just to help get your car safely from one place to another, but to help get you and your family there safely, too.

**Let a professional teach them to drive. And survive.**



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## Life in a domestic hell

William Stafford was a violent man who often threatened his novel New South neighbors and local police. But no one suffered his violent nature more than his wife Jane. For five years she endured brutal beatings, sexual abuse and constant mental cruelty. But when Stafford threatened to kill their young son, Jane Stafford rebelled and killed her husband with a shotgun. She was subsequently sentenced to six months in prison for manslaughter. Her case focused national attention on the plight of battered wives. Now working as a nursing assistant in a Dorchester, N.S., rehabilitation centre, Stafford has long since changed her surname to that of her parents, Hurshman. Recently, in a best-selling book called *Life with Billy*, written by Bryan Hinkle, she detailed the horror of her relationship with Stafford. Maclean's Proud Section Editor Jared Mitchell recently interviewed Jane Hurshman.

**Maclean's:** When did your husband begin to abuse you?

**Hurshman:** It began at [just over] Darren's

birth. Until that time Bill had been like the average ordinary man: charming, caring and understanding. Then it changed like day and night. He became a violent, aggressive monster. It was aimed at both myself and at Darren. I started with a slap on a hip. The first drastic beating that I remember was when Darren was six months old, and it was to the point of unconsciousness. He instilled enough fear to immobilize me. It kept me from being able to make any decisions. He took my dignity and pride and self-esteem a little bit at a time. His eyes took the ability that I had to feel or care—I resigned myself to the fact that this was how life was going to be.

**Maclean's:** Did you ever feel that your husband's behavior was justified?

**Hurshman:** When I first started he'd tell me it was my fault. I questioned myself. Did I do something wrong? It's like being brainwashed and I began believing it.

**Maclean's:** Why did you not just leave your husband?

**Hurshman:** With me, and with a lot of the women out there, it is fear. Anyone who

could have seen him would have known what I was talking about. He was a big man—almost six feet and over 250 lb.—and I would get thrown around like a football. At one point, I did tell him that I was going to leave him. He said, "You'll come back. I won't have to come looking for you." He told me that I would come back and that I would bring my "bastard son" with me. And I would have done this, because he said he would show my family, one member at a time, until I came home.

**Maclean's:** Were other people aware of your problems?

**Hurshman:** Everybody was aware of what was going on.

**Maclean's:** Did they try to stop your husband?

**Hurshman:** No, not even the local newspaper—and they knew what was going on in my home. I never thought about being resentful. It was an accepted fact and I resigned myself to the helplessness of the situation.

**Maclean's:** Did the women whom you knew ever discuss the topic of domestic violence?

**Hurshman:** No. I felt so isolated and unhelped. It's like a taboo subject, always hidden. It is really the purpose of my writing this book—to let other women know that they are not alone and that if they want things to change then they should be heard. Don't be a silent

seesaw behind... is, keeping it a secret.

**Maclean's:** Were you ever alone, during your ordeal, that there were shelter homes for battered wives?

**Hurshman:** I didn't have a telephone and I did not normally have access to a vehicle. I just really didn't have any knowledge that there was anything there for me at the time.

**Maclean's:** What choices are there for men who acknowledge that they beat their wives and want to change?

**Hurshman:** Battling is a learned behavior. There is help available for the batterers once they admit that they have a problem. It is like Alcoholics Anonymous. You have to admit that you have a problem and want to change. There may be help, and it can save the marriage.

**Maclean's:** How did your husband come to be so violent?

**Hurshman:** I really don't know his background. Nobody ever spoke about it. All his mother had said about his previous wife was that she was a whore and ran around. Nothing was ever discussed about Bill having problems.

**Maclean's:** How poor are Darren, now nine years old, reconciled himself to what his father did?

**Hurshman:** He doesn't refer to it. Recently I asked him, "What do you tell the kids at school about your dad?" Darren said, "My dad died." And I said, "Well, do



Hurshman: 'Taboo subject'

you tell them the circumstances involving his death?" "Oh, yes," he said. "He died of cancer."

**Maclean's:** What should legislators be doing about domestic violence?

**Hurshman:** It has to be realized that wife battering is a crime. It's accepted as family behavior, but it isn't. It is a crime and it should be treated as that. People do not acknowledge it as a crime. You can go in the stores and see signs saying that shoplifting is a crime. Maybe they should post a few signs and say that wife battering is a crime. Violators will be prosecuted. Let them have to go for treatment because there's a lot of men who could be helped if they are pushed.

**Maclean's:** Do you think sentencing to two federal years is more deterrent of abusing their spouses?

**Hurshman:** No, I don't think it is too lenient. But with batterers should be sentenced to whatever punishment is fitting.

**Maclean's:** Has your experience had a lasting effect on you?

**Hurshman:** The past will always be there. I won't erase it and I will probably never get over it. But I am quite content with the way my life is going now. I just want to be able to keep growing. I know I can finally put it behind me now. I like who I'm becoming and where I'm going, and I want to be able to help stop the cycle of violence that's happening in society. ☐

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#### FOLLOW-UP

## Fall of the silver barons

Once they seemed like real-life Texas members of the *Doogie* family from TV's *Dukes*, their purported attempt to control the world's market for silver—which failed at a cost of \$2.1 billion in 1990—showed an ambition and disregard for risk that would have left J.B. Hwang breathless. But in recent months the Hunt brothers—Nelson, Herbert, and Lamar—have been faced with the possibility of near-financial ruin of a family fortune worth more than \$6.5 billion just six years ago.

The Hunts' problems are in part a result of this year's steep decline in oil prices. But that is only one of many difficulties. In the 1970s the Hunts extended their fortune by investing in silver, lead and oil to accumulate huge paper profits. But in the deflationary 1980s, the Hunts have been suffering from a sharp drop in the value of those commodities and industries. Last year three family-owned sugar refining subsidiaries were forced into bankruptcy, while falling Texas real estate prices have cut the value of the Hunts' Dallas office investments.

The brothers now face arduous court battles with bankers over their debts. At the centre of the dispute are two firms: Placid Oil Co.—the keystone of the family fortune—and Petro-Drilling Co. Petro is expected to lose \$200 million in 1992, while Placid has already been forced to seek protection under U.S. bankruptcy laws. At the same time, the liquidation value of Placid Oil's reserves has skidded to an estimated \$700 million.

The Hunts have refused bankers' demands to pay their debts by selling off assets and countered with a series of lawsuits totalling \$5 billion. One suit accuses the banks of conspiring to wrest control of Petro and Placid. Bank spokesmen dismiss the charges and have filed counter-suits for more than \$1.6 billion. Although most observers say that the banks will win the court battles, they add that the Hunts could at least delay settlement until oil prices recover. But there is little doubt that the Hunts' fortune will be greatly reduced, giving new money to Banker Hunt's complaint in the late 1970s that "a billion dollars isn't what it used to be."

—GEOFF SLAYMAN in New York



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Not somewhere up in the clouds. We're a team of little guys, that's why we're big.



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## Search for identity

This week Israeli Prime Minister Shimon Peres will visit Ottawa for talks with Prime Minister Brian Mulroney. For Peres, it will be one of his last duties as prime minister before handing over power to Foreign Minister Yitzhak Rabin next month as part of a unique peace-sharing agreement between Israel's two leading political parties. For many of their countrymen, the change in leadership will be a time to measure Israel's progress. *Maclean's* Assistant Managing Editor Michael Fawcett recently visited Israel. His report:

**T**o the casual observer, it sometimes appears that Israel's social and political fabric is being torn apart. The national unity government, made up of Peres's Labor allies and Rabin's Likud coalition, is perpetually on the brink of collapse. The country's 34 million Jews and 1.9 million Palestinians live in two isolated Enclaves. Even Jews are polarized. Right-wing Jews, who regard the occupied West Bank as sacred territory, continue to feed with left-wing doves. At the

same time, the country's orthodox and secular Jews wage a bitter war over the identity of the state. And the Israeli economy remains dependent on \$4 billion in annual U.S. aid. The combined pressures are taking their toll: last year, there were more emigrants than immigrants.

But this pervasion of political and social chaos is deceiving. "There is something very healthy going on here," said Jerusalem Habes David Hartman. "We are fighting with each other. We are not one, homogeneous people. Why should we be? We are only one in the eyes of our enemies." According to Hartman, who left an orthodox synagogue in Montreal 15 years ago to found an educational think tank in Israel, the conflicts are evidence of a vital national debate that, 35 years after the state's creation, is only now surfacing. At the heart of the debate is a controversy over what kind of state Israel should be—secular or religious, democratic or theocratic. "It's a tussle," says Hartman. "What a 3,000-year-old people should be going

through a teenage identity crisis!"

The seemingly healthy debate has produced some ugly confrontations. In central Jerusalem, religious radicals have burned public bus shelters displaying posters of women dressed in Jewish religious attire. In the West Bank, they have burned synagogues and burned sacred books, attacking the most sacred elements of religious fundamentalism.

The root of the problem, says Baruch Shalev, an administrator with the World Zionist Organization (WZO), is not religion, but politics—specifically the electoral system. Shalev: "All public debate in Israel is because politicians are not accountable to any single constituency of voters." The electorate votes for party lists drawn up in backroom power struggles. Each party—16 are now represented in the Knesset, Israel's parliament—receives seats in proportion to the votes earned nationwide. As a result, the system benefits narrowly based, downsize parties, which have often managed to distort the political agenda by controlling the balance of power.

Since Israel's independence in 1948, no single party has been able to force a majority government, Shalev says. "National interests and needs take a



Peres in Israeli ball pit swimming against the prevailing current

back seat to party politics." Evidently troubling, said Shmuel Lahav, former director-general of the Jewish Agency, which facilitates immigration, is that the system contains a built-in bias toward compromise and mediocrity. "It becomes a candidate," added Shalev, "you are by definition a yes-man, blindly committed to the party line."

The political system is not the only cause of dissatisfaction. The entire society, many Israelis contend, is being suffocated by costly and inefficient bureaucracy. An estimated 30 per cent of the labor force is employed in the civil service. A confusion of red tape and paperwork constrains Israelis undertaking anything from starting a business to acquiring a driver's license. What would take only days to arrange

in Canada can take months in Israel. Critics say that organizations such as the WZO, the Jewish Agency and similar bodies are run by bureaucrats who have become more adept at raising funds to support new immigrants than at attracting them. The practical result is that Israel's new arrivals are principally attracted workers in light from oppression, while those leaving the country—the so-called Yordim—are often Israel's best and brightest. A lack of significant Western aliyah (immigration) hurts the country in numerous ways. "Only a small percentage of the population carries the traditions of democracy, efficiency and productivity," said Michael Jakobovich, head of the WZO's Jewish division. "If you want to succeed, you also need motivated Westerners to contribute expertise."

Similarly, Israel is trying to find ways to keep active Israelis at home. Lahav, now practicing law, has recommended the creation of a special fund to provide loans and housing subsidies for discharged soldiers—the single largest category of emigrants. Shalev: "We're spending millions crying to attract Americans, but nothing as incentives to keep Israelis from leaving."

But so far the government has declined to act.

Israel is also struggling with a \$6.0-



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trillion budget deficit, which is funded largely from American aid money. It is a manufacturer of precision tools, is one of many who object to the country's overwhelming dependence on U.S. assistance. "Israel is not selling your soul for charity from Serb's America," he said. "It is a good Israel. I believe to be independent." To that end, Wertheimer and his father, Shof, have embarked on an ambitious program to change Israeli business practices.

Supported by Israel's capital—1984 export sales were \$180 million—the Wertheimers have created an Israeli version of Silicon Valley in the hills of the Western Galilee. Said Elian Wertheimer: "If we can create 1,000 export entrepreneurs, we can eliminate the deficit in no time." There are 14 businesses now operating in the Wertheimers' high-tech greenhouse, five of them owned by Israelis who have been attracted back from the United States. The Wertheimers are helping to transform the stereotypes of the Israeli idealism—from a socialist kibbutz to a capitalist society. "If we have a better life here, fewer Israelis will leave and more Jews will come," said Elian Wertheimer.

Other Israelis are also warning against the prevailing currents. In a Maon Bicentennial, the former deputy mayor of Jerusalem and now director of the West Bank Data Base Project, an independent research centre. Benvenisti contends that the fundamental issue facing Israel is the country's relations with the Palestinian Arabs. In his view, the Arab-Israeli conflict is not, as many people say, an interstate dispute. Even if Israel had peace with all of its Arab neighbors, it would still have to deal with the Palestinians, he says.

With that in mind, Benvenisti says that Israelis must concede the reality of Palestinian nationhood. In two decades, if Benvenisti's projections are accurate, Palestinians—including those living on the occupied West Bank—will represent half the population of Israel. Already, Arabs hold a virtual monopoly on menial jobs, especially in the construction trades. At 5 a.m., long before most Jews are awake, Arab workers can be seen migrating by foot and bus to construction sites around the country. In fact, so ubiquitous is the Arab domination of blue-collar jobs that when the Israeli foreign ministry recently held a top secret lunch briefing for a visiting American diplomat, the only waiters they could find were Arabs.

Still, Israelis remain optimistic about their nation's future. And that optimism is not without foundation. The runaway inflation of recent years

has been checked, giving average Israelis a feeling of economic stability after a prolonged period of fiscal anarchy. The cost of living remains high (a small four-door, Japanese-made car costs roughly \$18,000, and the price of a restaurant meal costs about 40 per cent more than it does in Canada). But Israel's economy is widely expected to be good.

Politically, the 1978 peace treaty with Egypt is holding. And a long-simmering border dispute over the Golan settlement at Taba appears likely to be resolved. While Israeli residents contin-

ually at war with several Arab countries, it maintains a de facto peace with Jordan and last month won implicit recognition from Morocco's King Hassan, then chairman of the Arab League, who held a widely publicized sermon with Pines.

But war is still far from the public consciousness. Military strategists are suspicious of the aims of Syrian President Hafez al-Assad, who has accumulated a \$6-billion arsenal of sophisticated Soviet weaponry. Solid one source close to Israeli intelligence. "The question is not if Assad will use

it, but when." Israel does not want to repeat the experience of the 1973 Yom Kippur war, when Egypt's surprise attack nearly rendered the Jewish state incapable of retaliation. As a result, the Israeli strategy will truly call for a pre-emptive raid by the Israeli air force—even if it means Jerusalem is labelled the aggressor.

In the meantime, Israel remains vigilant in its ongoing war against terrorism—a struggle that is now confronting Israelis with a stark choice. The country is currently succeeded in the Ritz. But still, in which officials of

the domestic security service are alleged to have ordered the execution of two Palestinian terrorists after they hijacked a bus on the Ashdod highway in April, 1984, killing a female Israeli soldier. A police enquiry is investigating whether the prime minister or other cabinet ministers knew in advance of the execution order.

Despite those disputes, Israelis continue to proclaim their nationhood. The once-severe racial tensions between European Ashkenazi Jews and North African Sephardi Jews have declined as the Sephardi acquire in-

creasing political power. And even the most hated Zionists have been moved by the recent arrival of 17,000 Ethiopian Jews after a 3,000-year exile and by the dramatic release from the Soviet Union last February of Anatoly Shcharansky. "I have travelled in other countries," said Heather Slawson, 36, an occupational therapist from Toronto who immigrated a year ago, "and I have seen their history, their rocks. But this is the place for me. There are my roots."

—BYA SEMRA ZACHAROWSKI in Jerusalem

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4-seat, real seat  
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5 place, to the max  
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8 mates, feelin' great  
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It's the high-tech, captain's deck  
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Great goin', trailer-towin'  
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ASTRO VALUE,  
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WAY TO GO CHEVY!

ASTRO

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## COLUMN

# The changing face of work

By Dian Cohen

**M**idway between elections every voter starts to think that our politicians are way behind the people. What is harder to evaluate is the way our institutions keep up with the times. Some recent statistics are probably disturbing in their implications. Even though the overall unemployment picture isn't as grim as it was, long-term unemployment has doubled since 1982. This means that spells of unemployment are lasting longer. The bulk of the people affected are older men.

Most of the jobs being created are going to women and part-timers, many of them young. And, in terms of long-term trends, what we are seeing is a weaker participation rate in the labor force for men and a growing one for women. That in itself should set off some alarm bells. Our employment policies, tax policies, de facto credit ratings and retirement policies are generally based on the idea that men are more "seniorly" situated in the labor force than women. Though this is patently no longer true, it is taking a lot of time for that fact to trickle through the consciousness of governments, lenders and employers.

For example, women are not treated as employers for tax purposes when they employ others to take care of their children or clean their houses when they work. The reason given for this is that it would cost too much money. But if women didn't have to pay taxes on the money they pay as wages to others, they might be able to pay better. In turn, a lot of people who now work only for cash under-the-table might come out into the above-ground economy. I'm not so sure it wouldn't be a positive exercise in the end.

Nobody knows these things for certain, just as nobody knows what would happen if we seriously had equal pay for jobs of equal value. It has become the fashion in business circles to raise cries of alarm at the very idea of such a thing. The assumption is obviously being made that equity means bringing women's wages up to where men's are. But since women's employment rate is increasing and men's decreasing, men are much more vulnerable in seeing their wages cut. This is even truer because men are in the dying manufacturing industries and women are in the burgeoning service fields. The fact is that it is very hard to

determine what equal pay for work of equal value means because women have not been doing the same jobs as men have. That may be changing. We are now starting to hear some women, when we dial directory assistance. Younger men may begin to care more about having a job—any job—than about the stereotypes attached to it, and pay equity may come to mean a kind of leveling of wages and stereotypes.

The area of the economy that is growing is small business and, in the employed sector, part-time work. Women may be better equipped in many ways to respond to the needs of our changing economy. They are used to being fragmented—in answering the phone while braiding a child's hair and watching the soap pot and thinking about what the family needs next week. They are used to working out of their kitchens, which is where many

**Men are taught to believe in a long-term job and they may find it hard to adjust to the new reality**

small businesses are started. And because it has always been harder for them to borrow money (this too is changing) they know how to plan and spend carefully. Women are also taught to expect to serve others, and see no stigma in doing so. All of these qualities are the ones that are needed to survive in the new economy. Men, on the other hand, are taught to believe that they deserve a long-term job. They may find it very hard to adjust to the new reality.

Our governments have traditionally thought in terms of short-term job creation, despite mountains of evidence that it doesn't do any good. As well, in the past several years 100 per cent of net job creation in Canada has been in the small business sector, yet only a tiny part of the department of regional industrial expansion's job creation budget is devoted to it.

Most small-business people will tell you they don't really want direct government subsidies. They would prefer to have fair loans, which perhaps limited grants available for testing completely new ideas.

In Quebec, where I live, half of the small businesses are run by women. But they are in the same businesses. Forty per cent of the businesses with more or fewer employees are run by women, but when you get up to the 30-employee firms, only 14 per cent of them have women at the helm.

Women have a long way to go before they hold the levers of established power in the economy. They are intensely productive, and getting more so every day. If the treatment of travelling businessmen at hotels and restaurants is any indication, many businesses have a lot to learn about how to adjust to some new realities. Women are only just beginning to wake up to the fact that they have in this area, and we will see changes in the way many services are marketed in the years to come.

Women and young people are still the sources of change, but young people will be a much smaller proportion of the population in 30 years, and nothing is being done about the problems of the burgeoning older class.

The real area where we can see some real changes being made is in retirement options. It is not enough, and it is not quick enough, but it is becoming easier for part-timers, for women and for young people to make pension arrangements. Because nobody can count on the same job for 30 years, let alone a lifetime career, it has become vital to have earlier vesting and portability in pensions, and this is now beginning to happen. We still need to find ways to keep the system to allow older people with productive years still in them to have a job that is economically needed by younger people. If we were smart, we would find ways to use older people and all their experience to help fix some of our problems, and we would find a way of financially bridging their way to retirement.

In large companies, the fashionable and necessary concept of flattening the management structure—reducing the number of top-level managers—has led to a sorry middle of young, ambitious middle managers with no place to go but sideways. We have to find ways of making breadth of experience just as valuable as ascension in the pyramid, and many of the most energetic of these people may well start their own businesses. When will our institutions catch up?

Dian Cohen is a Montreal-based economist-writer.



Wheat grower Ed Huculak on his farm near Portage-la-Paix, Man., processing prices and advising international markets

## CANADA

# A growing farm crisis

A unusual silence blanketed the sprawling port of Thunder Bay on the northern shore of Lake Superior last week. No freight cars were passing down into the 12 giant concrete elevators that dot the waterfront. None of the city's 1,200 grain handlers were loading wheat onto some of the 1,200 ships that throng the docks from late March to early January. The port—which handles half of Canada's grain exports—was shut down by a strike and lockout involving members of Lodge 656 of the Brotherhood of Railway, Airline and Steamship Clerks (BRAC) and six grain companies. And by Saturday the dispute, entering its third week, gave every indication of continuing indefinitely. "It's serious," said a machinery seller at the pecten line. "Suddenly this waterfront is quiet—no train whistles, no machinery moving."

For Canada's 145,000 seasonally

troubled grain farmers, the shutdown was the latest setback in a problem-filled season. After two years of drought, farmers are harvesting a bumper crop: a record 52 million tons of grain. But it is a harvest in search of a buyer. With world markets oversupplied, prices are plummeting—39 per cent for wheat and 25 per cent for barley last month alone. Overall grain prices are at a level 12 per cent lower than a year ago. Most Western farmers will either lose money or just break even on their crops. To add to their desperation, export markets are shrinking as developing countries gain self-sufficiency in food production. Although Canada has so far managed to maintain its share of that diminishing market—about 20 per cent—it faces increasing competition from heavily subsidized grain from the European Community (EC) and the United States. These subsidies will be a major item on the agenda when formal negoti-

ations of the 20-nation General Agreement on Tariffs and Trade (GATT) open in Uruguay this week. Meanwhile, the Thunder Bay shutdown threatened to seriously disrupt the flow of grain to vital export markets—principally the Soviet Union, the Middle East and Europe. To avert that, Charlie Mayer, minister of state for the Canadian Wheat Board, last week asked the federal Grain Transportation Agency to bypass Thunder Bay, leasing special trains to take the grain directly to four Quebec ports along the St. Lawrence River. Although the trains handle less than 36 per cent of Thunder Bay's daily output for ships, they can temporarily maintain export shipments. Said Mayer: "Grain producers are already losing on low prices because of the precarious international market. They can't afford to lose even one shipload of grain sales."

But Mayer's emergency routing is

exensive—about \$25 a ton, compared with about \$15 by trucking. Western elevators are increasing pressure on Ottawa for a \$3-billion deficiency fund to cover the difference between production costs and the sale price. The Maloney government has deferred a decision to await assessments of the Canadian harvest and foreign-sales potential. But last week Agriculture Minister John Wise announced a \$45.6-million program to help failing farmers to leave the land. It marked the first time that any Canadian government has acknowledged that the nation has more farmers than it can support.

As Manitoba's Terry McLean, chair of the Canadian Agriculture Committee, said in an interview: "There is a real frustration and anger in the farm community. I don't think it's possible to overstate the economic impact. And [the Thunder Bay strike] is like rubbing salt into the wounds."

The Lakehead dispute began on Sept. 3, when 500 grain handlers at the Saskatchewan Wheat Pool grain terminal set up picket lines. The five remaining grain-handling companies locked their gates, shutting out another 700 workers. Employees of the six firms, all members of the Lakehead Terminal Elevators Association (LTEA), have been without a contract since January, 1985.

Last month, federal cancellation officer Vincent Brady recommended an \$800 bonus for each union member who signed the contract, coupled with a three-per-cent wage increase in January, 1988. The companies accepted Brady's report. But the union objected to another of his proposals that would allow firms to employ low-wage relief workers during the summer and to hire nonunion contractors to do grain plant work.

The two sides have not talked since the strike began—and emotions are

running high. At one point, area negotiator Stewart Martin, a Winnipeg lawyer, referred to union members as "fat cats who have got to thin down a bit before they're going to get hungry." Replied union president Frank Macior: "These [union] guys are fighting for their lives, their future." Before Mayer returned to Ottawa last week, he had been gathering the wheat crop on his own farm near Carberry, Man. (He harvested a respectable 55 to 60 bushels an acre, but under current conditions that is barely enough to break even.) By week's end, a five-person emergency task force was monitoring grain movement across the nation. On Friday night alone, two trains with a total of more than 300 railcars loaded with grain passed through Winnipeg on the way to Quebec. As Mayer said: "Ministry's. We have not lost any sales—and we are not about to."

But the problems of Canada's grain farmers run deeper than a temporary labor dispute. Because of scientific advances, grain harvests have doubled since 1960, and the world is now producing more food than it needs. Food production in developing countries is increasing by more than three per cent annually—twice the rate of population growth. China, traditionally a major market for Canadian wheat, has drastically increased grain production. India, which suffered a fam-

ine, its agricultural support programs cost a staggering \$21 billion, 15 per cent of its own 1985 budget. To keep pace, Washington will pay an estimated \$32 billion over the next five years to lower the export price of U.S. wheat. In July the Senate voted to extend the sale of subsidized wheat exports to the Soviet Union and China. And last month President Ronald Reagan authorized the sale of 3.8 million tons of subsidized wheat to the Soviet Union.

Canada has still managed to expand its share of the market. Last year, in the volume of wheat sold to the world dropped 17 per cent, Canada accounted for 19.7 per cent of world wheat exports—up from 18.3 per cent the year before. Canada has maintained those sales because its wheat quality is high—and because it has consistently reduced prices to ensure market.

Despite this year's bumper crop, an official in Mayer's office, who requested anonymity, said that the Canadian Wheat Board will probably find foreign buyers and export harvest. "But to maintain those markets, the price we take will be lower than we would like," conceded the official. Farmers now receive a guaranteed price of \$3.64 a bushel for wheat delivered to rural grain elevators—minus transportation and handling costs—a seven-year low. In Canada that wheat sells for \$7 a bushel to wholesalers. But on world markets the price of a bushel has dipped as low as \$3.30, and almost 50 per cent of Canadian wheat is exported.

The low prices have forced many farmers to miss the deadline for farm debt repayments. In Manitoba the federal Farm Credit Corp. reports that 38 per cent of its 1,200 loans are in arrears. The Saskatchewan Wheat Board surveys say that more than one-third of the province's 65,000 farmers are in financial difficulty. And the farms in the most financial trouble are usually owned by the youngest, the best-educated and the most productive farmers who invested heavily in new machinery when wheat prices were higher. Saskatchewan wheat farmer John Robinson, 55, said last week that he had had to sell his house in order to keep his farm. He was one of the thousands in the late 1970s who took the



Pickets at Thunder Bay: the latest blow in a long season of disaster

ies in the 1960s, now exports grain. And in July even Saudi Arabia signed a grain export agreement—with Sri Lanka.

As the country's has worsened, major grain sellers have become more competitive. The EC is the most aggressive

ers borrowed money at high interest rates, bought land at inflated prices and invested in advanced equipment. "The theory there was that money had no value," Pakman said. "Inflation was going to get worse. It didn't—and it left them with huge debts and no equity."

Ottawa has made some attempts to provide assistance. Last April it paid out \$580 million through the Western Grain Stabilization Fund, a voluntary insurance program that reimburses farmers if grain falls below the average sale price of previous years. Then, in April 30 Ottawa introduced a \$100-million package for Western farmers, including reductions in federal taxes on farm lands and deferment of freight rate increases.

Wise's new program will offer consulting, job retraining and financial help to farmers forced to leave the land. Payments will be eligible for \$1,000 in living expenses during the first month and income support of at least \$140 a week for a year afterward. "We have to recognize a reality: not all farmers will survive," said Wise. "No one has had a helping hand. This is a helping hand." The action was welcomed in the West. Said Glen McCleaghlin, research director for the Saskatchewan Wheat Pool: "I credit Wise for publicly admitting that all farmers can't be saved."

Still, Ottawa is under pressure to take further action. Last month provincial agriculture ministers asked Wise for at least \$1 billion in deferred payments—a demand supported by all 10 provinces. And Western politicians will be watching closely this week when Prime Minister Brian Mulroney delivers a speech at Manitoba's Brandon University. Confronted by the use of the federal deficit, Finance Minister Michael Wilson last week said, "There is more to Western Canada than grain and oil." But Tory leaders have told Mulroney that Mulroney is troubled by regional inequalities and that the speech needs to be made by Oct. 1. "We will certainly make help for Western producers."

In the end, the farmers' hope for an enduring solution depends on the G7 negotiations. According to Clay Gilson, an agricultural economics professor at the University of Manitoba, Canada will have to convince the EC and the United States to stop increasing support payments and to reduce existing subsidies. "We're as well we've got," Colson declared. "Deficiency payments are not the long-term solution. Our treasury is only so deep."

—MARY BARKMAN with Jean JOHNSON in Thunder Bay and KEN MacGREGOR in Ottawa

## Masse's tax break

When Energy Minister Marcel Masse delivered his first major speech to the oil industry in Calgary last month, he disappointed many oilmen. The reason he did not remove the federal Petroleum and Gas Revenue Tax (PGR)—a 10-per-cent royalty on oil and gas at the wellhead, but last week, before a hastily assembled group of oilmen at con-

ference, he said, "We need to see if we could expect complementary action from the province very soon."

Source: said Masse was also satisfied that the millions of dollars gained by the industry would be used to stimulate exploration for new oil and gas wells and create jobs—not funnelled to American head offices to pay share dividends. Masse reported to cabinet that a meeting in Montreal during its Sept. 4 meeting in Montreal that Ottawa's conditions would be met. That meeting broke up shortly before 5 p.m. Less than 30 minutes later, a senior official in Masse's office telephoned Ian Smylie, executive director of the Canadian Petroleum Association in Calgary, to help arrange a luncheon where the minister could make his announcement. Said Smylie, "In both practical and philosophical terms, the oil industry is extremely pleased."

The lifting of the PGR, the last remnant of Pierre Trudeau's 1981 National Energy Program, will substantially increase cash flow (among the nation's top 35 oil firms). Ottawa had offered similar exemptions

to smaller independent producers in April. The chief beneficiary, hard-pressed Penn Petroleum, which by June had paid \$20 million in taxes, said, "This is a relief. The money from the Alberta government was critical. And while the province's energy minister, Neil Weir, said that 'no strings' were attached to the federal announcement, he told Mulroney, 'We are looking at a number of options to help the industry further.'"

Ottawa will now have to find ways of covering the lost revenues in order to meet the 1986 budget deficit target of \$39.5 billion. But Finance Minister Michael Wilson, scheduled to outline a motion in a major reform statement in Toronto this week, recently declared that "a new retail surcharge on gasoline was 'not in anybody's interest'."

—MICHAEL BOWEN in Ottawa



Masse with union Doug Stinson sharing opinion



Vonder Zalm (centre) in Prince George: positive thinking and homecoming finally

## Off to a running start

Always smiling, William Vonder Zalm moves through his daily calendar from appointment to appointment—running hard and running late. Since he was sworn in as premier of British Columbia on Aug. 6, the Social Credit leader has been faithful to the politics that got him elected. His first month in power has been an aerobic exercise in populism—a whirlwind round of handshakes and picture-taking with various legislators. And his aides here all but groan up trying to keep their boss on schedule. But with serious economic problems looming, there are questions about the direction in which Vonder Zalm intends to take the province. In a speech to Vancouver's Board of Trade last month, he spoke in generalities about the economy and of how he planned to sell "the state and the stock." Several are real estate moguls afterward: "I'm still waiting for the crack."

Still, Vonder Zalm's handy mix of positive thinking and homecoming homing has created a new optimism in a province that had given disaffection with the nation's 11-year leadership of Premier Bill Bennett. There have also been concrete results. Two weeks after being sworn in, Vonder Zalm helped settle a 10-month contract dispute between the government and striking members of the B.C. Government Employees' Union. And he has brought the striking International Woodworkers of America back to the bargaining

table with the forest industry.

There are increasing signs that Vonder Zalm plans to capitalize on the goodwill he has generated. He must soon decide whether to call a by-election to win a seat for himself in the legislature—or to call a general election. Whichever he decides, the premier's open, confident style of governing has raised expectations that could be hard to fulfill in an economy already burdened by a 12.3-per-cent unemployment rate. Said Michael Walker, head of Vancouver's conservative Fraser Institute: "His easygoing way may create an under pressure. He's leaving the impression that problems are behind us. That's always dangerous because, largely, governments cannot solve economic problems."

Especially, Vonder Zalm's first month in power has produced some sparks. He signed many voters when he called for an investigation into therapeutic abortion, claiming that women were using it as a form of birth control. Vonder Zalm, a staunch Roman Catholic, later backed down on his request, but cautioned, "It's still something I intend to pursue." More seriously, he became embroiled in conflict-of-interest allegations involving Fantasy Gardens World—the Hilton-like botanic garden and theme park he owns outside Vancouver—after he applied to a government commission to have the park removed from the province's Agricultural Land Reserve.

But the most serious problem on the premier's agenda is lumber, a vital industry whose exports to U.S. markets are threatened. Next month Washington's International Trade Administration will decide whether the low exchange rate that Canadian lumber producers pay the B.C. government to harvest Crown lands amounts to an unfair subsidy. The preliminary ruling is expected to go against Canada, and B.C. loggers are already leaving for the west: a 30-per-cent duty on their exports. Federal Trade Minister Pat Cuddy last week asked Washington to delay any decision for one month—pending a comprehensive review of forestry policies. Provincial officials have hinted that they are prepared to raise dumping fees if it will forestall new U.S. tariffs.

An ardent advocate of free enterprise and minimal government intervention, Vonder Zalm himself has already indicated that economic decisions will be based more on pragmatic political factors than on ideology. On the one hand, he has talked about lowering consumption taxes on beer and restaurant meals. On the other, he announced that the province will buy \$30 million of preferred shares in Costco Ltd.—to help the Vancouver-based marine company construct a new 300,000-sq-ft smelter in Trail, B.C. Said Martin Jahn, a political scientist at Simon Fraser University: "Vonder Zalm is not concerned with righteousness. He's an old-fashioned politician trying to do everything for everybody." B.C. voters will soon get a chance to say what they think of that formula.

—JANE OWENS in Vancouver

# Mystery in a foreign land

When a committee of the Manitoba legislature began reviewing the performance of the Manitoba Telephone Services early in July, the hearings were brief and uneventful. During the annual exercise, the public utilities committee planned to examine the Crown corporation's spending and revenues and to question its chairman on other routine matters. Instead, the legislators heard allegations of discrimination against women and Jews, earnings, bribery and kickbacks—all involving Mrs. Theresa Payson. Mrs. Payson is a Manitoba Telephone subsidiary with operations in Saudi Arabia. And last week, as the committee finally adjourned after 19 weeks of hearings, the minister responsible for the telephone company, Alvin Mackling, acknowledged that questions about corruption at MTS had been raised long before the committee even began hearing testimony. His voice breaking with emotion, Mackling told his colleagues, "There is no question in my mind, and I regret this very much, that information was current three years ago about allegations of wrongdoing."

Led, (above), second jointly with Sheikh Abdullah Abdel Aziz Al Ruzuan, son of one of the Arab kingdom's oldest trading families. The financially troubled company gained more notoriety in July when the Conservatives accused it of discriminatory hiring practices because it complied with a Saudi law pro-



Mackling: Ayan's (below) political embarrassment

hibited the employment of Jews and women. Even more explosive allegations followed. On Aug. 13, David submitted a 12-page affidavit claiming that the general manager of MTS's Saudi operation, Michael Ayan, 45, had routinely falsified from a former Manitoba Telephone employee to grill company executives after they asked about their subsidiary's activities. This he accused the government of enabling a coverup. Mackling rejected opposition demands for a public inquiry. But he did suspect MTS's operations and asked the RCMP to investigate. As well, he commissioned a report on the integrity by the international consulting firm of Coopers & Lybrand.

The troubles at MTS began soon after its formation in 1982. In his annual report that year, provincial solicitor Wilton Zippert said that Manitoba Telephone had overstepped its legislative authority by forming MTS to market Manitoba communications technology overseas. Soon after its incorporation, MTS entered the Saudi market as Saudi Arabian Telecom-

authorized broker and kickbacks to Saudi customers. In the affidavit, former state employee Ian Ferguson said that Ayan had instructed him to deliver "several white envelopes" containing a total of \$100,000 to an official of the Saudi Arabian Telecom-



communications company. Ferguson's affidavit also said that Ayan's wife, Theresa, broke Saudi law by working as a bookkeeper for the company. For that offense, and for working during Muslim prayer hours, Saudi authorities had fined Ferguson and five other employees.

His charges were supported by a second affidavit sworn by Sherbert Payne, a St. Petersburg, Fla., computer software salesman who worked for MTS in 1982 and 1983. Payne wrote, "Ayan instructed me to build into the cost of each project sufficient margin to enable us to pay our respects"—a euphemism for payoffs.

Payson, who left his job as an office systems manager for Manitoba Telephone last month, said that when he returned to Canada he tried unsuccessfully to raise the issue of kickbacks with senior company

# Jet-fighter politics

The slide projected on the wall featured an industrial building with the words "CF-18 Engines—The Best" printed on its side. In a dimly lit room at his company's Montreal-area headquarters, Donald Lowe, Canada's president-designate, pointed at the image last week and said, "That is the way we think things will look soon. The polished slide show is part of Canada's ambitions to win a contract worth more than \$1 billion to service and maintain Canada's 138 new CF-18 jet fighters over the next 20 years. "We are certain we are the best," said Lowe. "But we are not yet certain we'll have the chance to prove that."

Two other contenders are also bidding for the most lucrative contract of its kind in Canadian history. The competition—between Canadian, British Aerospace Ltd. of Weybridge and Hawker's Sir Group Ltd.—began with Ottawa's call for tenders in August, 1983, and an understanding that the winning bid would be announced last April 1. But that deadline passed without a decision, partly because of fighting among politicians and businessmen from five provinces. Federal officials say no new deadline for a decision has been set. In the meantime, critics charge, the technical merits of the competing tenders have been overshadowed by politics.

In the case of IMF, an interdepartmental government review committee has ruled out the company's bid on technological grounds. Maclean's has reported that on Sept. 5, an assistant Kenneth Howe asked a former aide to Prime Minister Brian Mulroney complaining Ottawa appeared to be ignoring his company is favor of the other contender. Last week the businessman told Maclean's, "We began to be a little bolder. But do you want to let me see whether we're going to get the F-16s? We're Atlantic Canada. We don't have the political influence that other parts of the country have."

Officials at several government departments said privately last week that the British bid was clearly the best—because of both cost and technical factors. However, strong political pressure from Quebec and a personal appeal from Premier Robert Bourassa to Mr. Mulroney have delayed the decision. In a meeting Sept. 3 with the Prime Minister, Bourassa said that Canada needed the contract to help Quebec retain its role as leader of Canada's aerospace industry. That appeal has been supported by a wide coalition, in-

cluding the Quebec Liberal caucus. Said Lowe: "We would not expect to make much money from this, but the sale-off technology would allow us to take a leadership position in the worldwide industry."

In fact, revenues from servicing the plane are almost secondary. The com-

**A polished slide show is one part of Canadair's ambitious attempt to win a CF-18 contract worth more than \$1 billion**

pany that wins the contract will learn from the Americans the secrets of one of the world's most sophisticated aircraft. The price, experts say, is worth millions of dollars in research and development. So eager is Canadair to win the contract that when the Crown-owned company was sold to Montreal-based Bombardier last month its new owners readily offered Canadair an up-front payment of \$4 million—or a one-per-cent royalty, worth more than

\$18 million over 20 years. If Canadair wins the CF-18 contract. If it fails, a senior ministerial aide said in an interview last week, Canadair has told Ottawa that it may be forced to pull out of the aircraft design business.

In Winnipeg, Bourassa executives have resisted almost since the crossing challenge to their bid. When Minister of Health Jake Rupp, the Manitoba MP expected to argue Bourassa's case in cabinet, has said little on the matter. But William Walchuk, chairman of the Winnipeg Western Development Corp., said, "The risk is this will not be decided on merit. Quebec politicians are trying to make this a political issue."

Still, the losers may emerge with some compensation. Other contracts are already under discussion, involving maintenance contracts for the older, less sophisticated CF-5 jet fighter, which Canadair built in the early 1960s, as well as contracts for producing external fuel tanks for the CF-18. But defence department officials privately criticize what they consider to be meddling interference in the process. And one official: "We haven't seen if this increase for some time."

—ANTHONY WILSON/WHITE & Morrow with DOUG SMITH & WESLEY MUIR/CLARK & DODGE and GREGG WALSH in Halifax

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# Bravado and deception

**T**hey carried banners displaying the national colors red, white and blue. Some held posters with the general's likeness while others chanted "Muro dove Pinochet"—strong-arm Pinochet. As thousands of Chileans passed just the reviewing stand in downtown Santiago last week, Chilean President Augusto Pinochet smiled self-assuredly and waved. But the show of support to mark the anniversary of the military coup that overthrew the democratically elected government of Marxist President Salvador Allende 13 years ago was deceptive. Since early this year the calls for the general to step down and allow a return to democracy in Chile have been increasing. Only two days before the rally Pinochet escaped an assassination attempt that severely undermined the 70-year-old dictator's image of invulnerability. And many at the rally were government employees ordered to attend. And one Santiago municipal employee "The mayor told us we had to show up—or face dismissal."

The attack by members of the Manuel Rodríguez Patriotic Front, a guerrilla group linked to Chile's Communist Party, took place on the evening of Sept. 7. As the general was traveling from his country retreat in the Andes foothills to the presidential palace in Santiago, armed gunmen used open fire at his motorcade with rifles, grenades and rockets. Five of his bodyguards died in the Sunday night ambush—the first reported assassination attempt on Pinochet during his 13 years in power. But the general remained apparently unshaken—and determined not to give in to domestic calls for democratic reform or to international pressure, mainly from the United States. Instead, he declared that Chile was "in a war between democracy and chaos—people don't realize the danger we are in." There he announced a state of siege in the South American nation of 12 million people. That emergency is the second one

imposed in two years. It enables Chilean officials to impose censorship and arrest people for up to 30 days without laying formal charges. As well, detainees can be banished to remote corners of Chile or expelled from the country, and the civilian courts are powerless to intervene. Pinochet claims that the

usual for most people." But, she added, "the whole mood is absolute control by the military—they are all over the place." The crackdown has been felt most intensely by the Chilean opposition and the press. At least 57 people—including Ricardo Lagos, a U.S.-educated

lawyer. At dawn on Sept. 8, two armed men, who witnesses said identified themselves as policemen, dragged the 36-year-old journalist from his Santiago apartment. Carrasco's body, with at least 10 bullet wounds in the head, was found that afternoon at the edge of a Santiago graveyard.

Government spokesmen have denied any complicity in either Carrasco's murder or the slayings of two other men last week. But many Chileans greeted that claim with skepticism. Some even said that the assassination attempt had given Pinochet a convenient excuse to silence an increasingly vocal opposition. Still, the president's stated concerns about the opposition's strength may be premature. For one,

commented: "There is a detachment from the political class. We have been good at saying no to Pinochet and bad at saying yes to the alternative." Added one member of the Christian Democratic Party, one of the major opposition parties: "There is no one capable of finding creative ways to undermine Pinochet. The day that he falls, I just pray that democracy lasts at least 50 years."

At the same time, the opposition has been hampered by its uneasy relationship with Chile's powerful Communist Party and the guerrilla groups linked to it. Earlier this year the Democratic Alliance began talks with the Communists about co-ordinating peaceful demonstrations against the Pinochet

Since July the Reagan administration has been applying pressure on the Chilean government to restore civilian rule and human rights abuses. Washington officials have expressed concern that without reform Chile could undergo a process of violent polarization that might lead to a revolution by the far left. Some experts say that the administration's outspoken support for democracy is authentic. In Chile also strengthens the US case for demanding democratic reforms in Nicaragua. But one US government spokesman said: "It is a little to beat the Sandinistas with."

Still, the United States has little direct influence over Chile. Washington has provided no military assistance to

the Pinochet regime since the mid-1970s and has given an economic aid since the late 1970s. But Washington may be able to bring some concrete pressure to bear this October when the World Bank will consider a \$445-million loan to Chile—the first of a series to total \$631 million. Although Washington cannot directly veto loans by the United Nations agency, veto on approving the loan are weighted according to the amounts contributed by member countries to the bank. The United States, with the largest voting bloc, could be influential in delaying or blocking the loan.

Since July Reagan administration spokesmen have stipulated that they will demand substantive concessions in return for the loans. Last month White House spokesman Larry Sanders issued the latest warning, noting that Reagan was assessing "all relevant factors, such as human rights performance," before deciding how to vote on the loan. But Pinochet has reacted to Washington's position with characteristic toughness. One

US official said he was "impressed" that the general's response to US representatives has been that "he will not let Chile's course without advice from anyone else." Pinochet is also reported to be weighing the possibility of declaring a state of emergency on Chile's \$36-billion foreign debt. Under the terms of the 1980 "Shanghai" agreement, the general has clearly shown that he will not succumb to threats from within—or from without.

—JONATHAN KOPPEL with MARK HELLEN  
STOCKING in Santiago. WILLIAM LOWMYER in  
Washington and NIKOLA LUTHE in  
Denver



Demonstration in Chile: a state of siege that for some has turned into a reign of terror

measures are necessary to protect Chile from a Communist insurgency. In August authorities put on display a cache of rebel arms reportedly seized in southern Chile. As well, one of the vehicles destroyed during the Sept. 7 attack on the general was placed in Santiago's Plaza de la Constitución, its scorched shell a stark contrast to the pristine buildings that line the square. For most Chileans, the state of siege has not affected their lifestyle. Luis Wilson, former moderator of the United Church of Canada and now the co-ordinator of the Economic Forum of Canada, said in an interview after returning from a five-day visit to the country last week: "Life is going on as

normal and leader of the moderate wing of Chile's Socialist Party—have been arrested. Six opposition magazines have been closed down, and last week the regime issued military edicts ordering the Chilean business of the Indian news agency ANSA and the British news agency Reuters to suspend operations in the country.

For some people, the state of siege seems like a reign of terror. Last week soldiers conducting searches in one of Santiago's shantytowns burnt 120 missions run by three French Catholic priests. The clerics were arrested, then expelled from the country. José Carrasco, foreign editor of the leftist news magazine *Andino*, suffered a bloodier



Pinochet with his wife, María Lucía, standing with characteristic toughness

the Democratic Alliance, a coalition of centrist and right-wing parties and the country's main democratic political organization, has lacked the cohesiveness to form a united opposition to the general. And that dissent has diminished the opposition's appeal to many ordinary Chileans.

A survey released last spring by Santiago's Latin American Faculty of Social Sciences found that 71 per cent of Chileans said they favored substantial changes in their country's leadership. But 55 per cent said that they were "indifferent, bored or antagonistic" toward politics. Many opposition members acknowledge that they lack credibility. Earlier this year Lagos

regime. But that strategy failed and further damaged the democratic opposition's credibility, especially among conservative Chileans. The message in late July, during a two-day general strike, leftist guerrillas were responsible for attacks on power generating stations, buses and police posts. That violence allowed Pinochet to undermine support for the opposition by claiming that the persons had united "those who call themselves democrats with the antidemocrats and the terrorists."

In a televised statement on Thursday, Sept. 11—the actual anniversary of the 1973 coup—Pinochet also vowed his anger against the United States



Pines (left) and Shalita (right) 'move apart than ever before'

MIDDLE EAST

## Forward to 'a new era'

Until just a few hours before, it was uncertain that the long-awaited summit would even take place. And few analysts expected more than vague undertakings to emerge. But when the leaders of Israel and Egypt met last week, for the first time in five years, in the Mediterranean port city of Alexandria, they produced an unexpected success. Emerging smiling and relaxed from several hours of talks held over two days in the cruise ship-city of Taba, Egyptian President Hosni Mubarak and Israeli Prime Minister Shimon Peres jointly declared "a new era" in their countries' troubled bilateral relations. Pledging to seek a solution to the Palestinian problem "in all its aspects," they designated 1987 as "a year of negotiations for peace." As a concrete first step, they announced the setting up of a committee to prepare for an international Middle East peace conference.

Relations between the two countries had deteriorated since their leaders signed the historic Camp David peace agreement in 1979. But Peres was determined to achieve a diplomatic breakthrough by meeting Mubarak before turning over the prime minister's job to Yitzhak Rabin, his partner in Israel's coalition government, next month. At the same time, Mubarak was under pressure from the United States to restore the Camp David ap-

proposals. But the two leaders went even further than U.S. officials expected by calling for the peace conference—which, according to Middle East experts, would have to include the Soviet Union.

The week of the breakthrough did not begin well. Members of a negotiating team from the Israeli foreign ministry, meeting with their Egyptian counterparts in Cairo to prepare the summit, encountered an obstacle.

A dispute arose over the future status of Taba, a 400-square-yard beach resort which Israel retained when it withdrew its forces from the rest of the Sinai in 1979 and 1980, creating a major irritant between the two countries. Before the two leaders could meet, their aides had to agree on the terms under which the Taba dispute would be submitted to international arbitration.

Some observers claimed that the Egyptians were using the dispute to prevent the summit from taking place. For Mubarak, a meeting with Peres posed problems both domestically and with the rest of the Arab world. Since the assassination of his predecessor, An-

war el-Sadat, by Muslim extremists in October, 1982, he had avoided close relations with Israel. Mubarak wanted to repair his country's relations with other Arab leaders who were outraged when Sadat broke talks he agreed to in 1977 to meet with the Israelis in 1980. In 1985, to protest the Israeli invasion of Lebanon, Mubarak withdrew Egypt's ambassador from Tel Aviv, and the Taba dispute has also strained relations.

But the Americans pressed Cairo to proceed with the summit, and U.S. special Middle East envoy Richard Murphy helped to clear the obstacles at the preparatory discussions. Egypt depends heavily on the United States—receiving \$2 billion a year in aid—making U.S. pressure hard to resist. Still, agreement on the Taba arbitration formula was not reached until just 12 hours before the summit was due to begin.

Peres, too, faced domestic opposition to the summit from Israelis—especially members of the right-wing Likud party, which governs with Peres's Labor Party in an uneasy national coalition—and that he should not participate. Dov Shlansky, a Likud member of the Knesset, complained that a summit would be the result of nothing more than Peres's "irresponsible urge to meet the Egyptian president before he hands over the premiership to Shimon." And former Likud finance minister Yoram Aridor said that Peres was compromising Israel's interests in order to earn his membership with a summit meeting.

In fact, the perception of Peres as a prime minister all too eager to negotiate with the Arab world recently caused a rift in the Likud camp. In the wake of the Sept. 6 attack by two Arab-speaking gunmen on a synagogue in Istanbul, Turkey, in which 21 Jews died, Likud Minister for Industry and Trade Ariel Sharon declared that Peres's conciliatory behavior was "interpreted as Israeli weakness and invited the aggressiveness of the Palestinian terrorists."

After Peres denounced an apology from other Likud members and said that he had gone too far—Sharon submitted one in writing. But the modest closely supervised conservative Likud sur-

roned a few Arab-Israeli conflict.

To make certain that Peres did not walk under conditions at Alexandria, the Likud insisted on an urgent inner cabinet meeting before he left, and a Likud party member accompanied him. The Likud members of the cabinet may still set back the progress that Peres and Mubarak agreed. When Sharon takes over from Peres under the terms of their coalition agreement, Jerusalem's policies on contentious Arab-Israeli issues may become far more inflexible.

The talks succeeded largely because of what insiders described as good personal chemistry between the two leaders, who had not met before. On the first day, Peres and Mubarak spent three hours alone. When they joined their aides for dinner on an open balcony overlooking the Mediterranean, they were clearly in a jovial mood and they swapped jokes and anecdotes for almost an hour.

Palestine Liberation Organization leader Yasser Arafat may have provided another reason for success. His continuing refusal to accept U.N. or Nafdis Middle East resolutions, which would imply recognition of Israel's right to exist, has irritated and disappointed Mubarak and other moderate Arab leaders such as Jordan's King Hussein. As a result, the Egyptian president may have found it easier to sit down at the negotiating table with Peres—and emerge with concrete plans for further discussions.

But the main achievement of the meeting—the proposed international peace conference—appeared to cause concern at Washington because it would likely involve the Soviets. "This party [Peres and Mubarak] may be about of the Reagan administration," said Phil Roddick, executive director of the Washington-based Middle East Institute. A senior state department official added, "I don't see a helpful Soviet role in an international peace conference unless Soviet policy and attitudes in the Middle East change."

The possibility of a Soviet role will be one of the items for discussion when Peres visits Washington this week before travelling to Canada for talks with all three party leaders in Ottawa. In the past two months he has already achieved notable success by meeting with King Hassan II of Morocco. An optimistic Peres said that Egypt, Jordan and Morocco now openly support direct peace negotiations between Arab states and Israel. Said Peres: "I feel the road is more open than ever before."

—JOHN RICHMAN with ALEX KATZ in Alexandria, DAVID ROSENTHAL in Jerusalem, and LISA EATON in Washington

PAKISTAN

## Fallout from a bloodbath

Hussein Shaifi has trouble sleeping. Days after he emerged unscathed from the bloody wreckage of a Pan Am jet in Pakistan two weeks ago, Shaifi, a 30-year-old Theron laboratory technician, said, "The end part—the screaming, the shooting, the crying—haunts me." Still in Karachi, he added that he was even afraid to fly home to Canada alone. In Karachi's Aga Khan hospital, the other

and, if convicted, would face the death penalty. He dismissed charges by some survivors that after a failed greaser flared the cabin fight, leading the gunmen to open fire, up to 15 minutes passed before Pakistani commandos stormed the plane.

Authorities still did not know what group the gunmen represented. Two factions, the Libyan Revolutionary Cells and the pro-Iranian Soldiers of



Doubt (right) with wife, Rana, and granddaughter in Toronto housing

two Canadians, Amir Gulam and Shaban Sharif, both 35, who had been returning to Toronto from their honeymoon, lay with bullet wounds in their arms and legs. "I promised my wife when we met," said Gulam, "that one day I would take her to Pakistan to see her grandfather's home. Now she says she will come once back." Sharif refused to talk about the ordeal. Said her husband: "It's going to take a long time to heal."

His last week the death toll had risen to 22, with about 125 people injured. Most survivors of Flight 73 left Karachi within a few days of the hijacking. But Talalshah Dado, a 56-year-old textile sales agent from Markham, Ont., who was splattered with blood but unhurt, said that even on the special Pan Am flight to Europe and New York, "everybody was nervous—after a few days, we were crying." Pakistani President Mohammad Zia ul-Haq said that the captured gunmen would be tried in Pakistan.

Def, claimed responsibility. But U.S. Federal Secretary Casper Weinberger said there were "strong indications" that the Abu Nidal Palestinian group was involved. Some Israeli experts said that they also suspected Abu Nidal in the suicide attack on a synagogue in Istanbul, Turkey, which occurred the day after the Karachi incident and left 21 worshippers dead.

In Pakistan, police investigating the hijacking said that they were looking for people inside the country who might have provided the gunmen with weapons, uniforms and vital information. Late last week police arrested an Arab-speaking man in Islamabad, about 1,100 km north of Karachi, who they claimed had between the two crises seven times in the 10 days before the hijacking. But for the survivors of Flight 73, that report offered little comfort.

—BOB LUTHE with CAROL O'Leary in Karachi and NORA UNDERWOOD in Toronto



## Democracy in waiting

The message on the wall running along rue des Fronts Forts in downtown Port-au-Prince is clear. In Croule, a graffiti artist has written: *Désobéir à tout!*—the gesture has fallen. Since a grassroots of popular opinion forced former presi-

dent mortality rate is as high as 100 per thousand. After the fall of the Duvaliers, many Haitians expressed the hope that a democratically elected government would help solve the country's problems. And when Manigault assumed power, he foisted those hopes by deny-



Street vendors in Port-au-Prince, Manigault (below) reaching the threshold

dent-for-life Jean-Claude (Baby Doc) Duvalier to flee Haiti last February, a new era of optimism has replaced the silent resentment that settled in Haiti for almost 30 years. But many Haitians say that the revolution is only beginning. They charge that the three-member provisional National Council of Government (cng) headed by army chief Lt.-Gen. Henri Namphy is doing little to alleviate the country's grave economic and social problems—and even less to dispel the legacy of the corrupt and ruthless regime established by Duvalier's father, François (Papa Doc) said Robert Dorval, president of the League of Former Political Prisoners, who spent 17 months in prison in 1974-75. "These people are the residue of the Duvalier system."

Many Duvalier bureaucrats maintain both their positions and inflated salaries, reinforcing the negative image of Namphy's government. At the same time, life for most Haitians remains a routine of grinding poverty handed down from generation to generation. Most of Haiti's six million people live on less than \$200 a year. Life expectancy is less than 55 years—compared with Canada's 78—and the

ing any political ambitions—and pledging to bring democracy to Haiti.

But on July 31 he postponed elections until February, 1985—indicating that Namphy must first learn how to live in a democratic society. Critics



comede that, in a country with no tradition of democracy, the cng is haltingly fostering a new sense of freedom. But they charge that the government is reluctant to dismantle the Duvalier system—and is even maintaining some of its repressive tactics. Last month soldiers beat up a student, Erik Jean Claude, during a speech in which he declared that the cng was no different from the Duvalier regime.

Haitians' frustration with the new government is also felt by returning exiles, some of whom have come from Canada. Montreal physicist Louis Roy, 70, returned to Haiti in May after 27 years in exile. As president of the Red Cross in 1969 he had protested the treatment of political prisoners under François Duvalier. In response, Théodore Kéroux, Duvalier's security police, beat Roy's house, killing his five-year-old son. Roy said recently in an interview: "Haitians want the system to change, not just the man."

Since July at least 12 political parties, including the Communist Party, have requested legal status, each arguing that it can successfully lead the country. Explained Social Christian Party leader Grigore Englebert: "After seeing a man like Jean-Claude Duvalier make the second as long-serving president, everyone thinks he can run this country." But some Haitians say that they are concerned about excessive U.S. influence on the government. Washington has sharply increased its aid packages to Haiti this year to \$51 million compared with \$24 million last year. Said Roy: "Everyone is afraid that the government is driving us toward preselected elections. The Americans cannot accept a party that is even a little anti-American, just as the cng cannot let a party that is against the army take power."

But in the impoverished countryside and the slums of Haitian cities and towns, a mood of optimism is clearly growing. The great divide between rich and poor still exists. Rampant illness sends along the green hillsides of Port-au-Prince suburbs of La Rode and Mornes Culiviers, while in the dusty streets of the capital mothers wash their children in the waters of the gutter. US coast guards have interrupted 12 refugee boats since August, as Haitians continue their flight from poverty. Said Louis Manigault, leader of the Rally of National Progress Democrats: "We are not very far from the threshold of tolerance." Added Jackson Noel, spokesman for the Movement for the Installation of Democracy in Haiti: "Nothing can guarantee that the situation now will not generate some kind of violence."

—ANASTAS DIMITRIS in Port-au-Prince

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# Spectre of a crash

SPECIAL REPORT:  
THE ECONOMY

Stock markets from Vancouver to New York, London and Tokyo collapsed last week in the most dramatic fall since 1929. In the aftermath, Maclean's Senior Writer Mark Nikolic called on a broad network of correspondents to assess the causes and the underlying economic strengths and weaknesses of the industrial nations that support the markets. His report.

The first tremors were felt in Tokyo and London as bond prices on the chief stock exchanges suddenly began falling. Then, when trading opened on North American markets last Thursday morning, the slide gained awesome strength. "The market started down right at the opening," said London Barley, a manager in charge of stock trading for Salomon Brothers Inc.—one of Wall Street's leading brokerage houses—of Thursday's crash at the New York Stock Exchange (NYSE). "Then it was just like a forest fire. People who would have been buyers went out the side and watched as sellers tried to unload their holdings. It was like a stampede." When the New York market shut down for the weekend, the massive sell-off had stripped a total of 161 points from the Dow Jones industrial average which closed at 1,258.32, after the worst two-day point decline since the historic stock market crash of 1929. The panic swept through stock exchanges around the world—including Toronto, Montreal and Vancouver—erasing billions of dollars off the value of stock shares as investors reacted to uncertainties over forecasts for the performance of major industrial economies.

By every measure, it was the worst market shakedown since 1929. It was also the most difficult period for traders and investors since the start of a sustained bull market four years ago. And many investors began to consider the unthinkable: could a serious crash occur again? Only a week before, the Dow Jones index had reached a record 1,315 points, and some analysts pre-

dicted it might even pass the 2,000 mark for the first time. Then, rising yields on U.S. Treasury bonds began to fuel warnings of a possible renewed round of inflation and increased interest rates.

Downside: In Tokyo, where afflu-

ence flourishes, Donald Rutherford of Gordon Capital Corp. said that the collapse was alarming. "It was growing and growing like a snowball."

Analysts, most of whom anticipated a recovery this week, gave several reasons for the precipitous fall. Some

analysts said that the slide was largely a technical correction to reduce the value of overpriced stocks. Others placed the blame on big trading firms using

computer-based programs which automatically place sell orders when the market moves in certain ways. But

several experts claimed that the move was a more fundamental one. "Disinflation has ended in the U.S. econ-

omy," said Lucy Hunt, chief economist

des opened at 3,996.12 on Thursday and finished the week 105.35 points lower—its sharpest downturn since March, 1986. In Vancouver the market fell 39.97 points in 46 hours to close at 1,148.85, and in Montreal the drop was 53.23 points for a final close of 1,977.98.

Standing at his customary post on the floor of the Toronto exchange, vic-



Maudslaw (above): New York Stock Exchange trading floor divided opinions on the economy and panic selling

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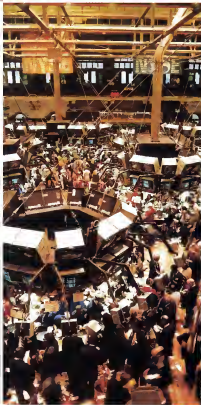
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with the New York investment house of Carrell McIntire & McElroy Inc. "The undercurrents of inflation are very troubling. The stock market is reacting to all that."

**Strength:** But some economists predicted on the weekend that the post-crash U.S. economy is in fact entering a period of strength, which could lead to a market recovery. One of those, Kingston, Ont.-born Robert Mundell, an economist at New York's Columbia University, said that the American economy is the past 18 months had passed through a "growth recession," a period of slow growth that might as well be as growth. Now, added Mundell, a Reagan adviser, the United States is "perhaps on its way out of the recession. The outlook is good, not bad."

Other analysts said that despite a sharp increase in the U.S. money supply, intended to fuel the economy, the United States could still slide back into a recession. Energy firms have been weakened by low oil prices, and low-cost foreign competitors have eroded the country's manufacturing base. At the same time, the merchandise trade deficit ballooned to \$182 billion in July, and the gross national product grew by only 0.6 per cent in the second quarter of the year—the smallest increase in four years. "We are at one of those critical moments in economic history," said Paul Volcker, chairman of the U.S. Federal Reserve Board, "where we will either take some steps together to move forward, or we will risk sliding backward."

**Reversal:** The market collapse began with a rumour on Wednesday, Sept. 16, anonymous sources in Washington told Wall Street traders that the commerce department's retail sales report on Friday would show a 3.5-per-cent increase for August. Another source, reportedly an official with some knowledge of government secrets, added that the labor department's producer price index would register a 0.5-per-cent increase. Those figures indicated that the economy was growing at a much faster pace than experts had forecast. Traders pay close attention to economic reports, and when they are sharply different from their expectations, the move cause havoc in the markets. Said Stephen Roach, senior economist at Shearman & Sterling & Co. in New York: "I tend to think there was some advance information. The two leaks really did add some substance to what heretofore had been called rumor mongering." In the end, the figures proved to be high.

But overnight, traders in Tokyo began furiously selling bonds and stocks as they re-evaluated their investment portfolios to take account of the rumormongers. When the markets opened in



Wiesegrad, Wiesegrad (below): worst two-day point decline since the 1929 crash

London, then New York, Toronto, Montreal and elsewhere, they broke this instant chaos on Wall Street. Robert Ludwig, a broker with Salomon Brothers, told a caller, "You've never seen anything like this, I can tell you." And in the late, blistering trading on Thursday, another leader at a major U.S. securities firm told a caller, "Let me sell another \$25 million, and then I'll talk to you."

**Swings:** New fears fueled the rollovers, and new phrases became commonplace: "Program selling" drove the price down as an oversold state. That kind of sale is

possible because the 800 stocks that make up the Dow Jones index and their futures contract are really the same thing at two different prices. Traders make money by selling the more expensive—futures—and buying the cheaper. Sophisticated computers are programmed to begin selling shares of the 800 stocks whenever the price of the futures contract becomes less enough to make futures attractive and the stocks less expensive. The combined ac-

tions of the computers can cause massive swings in the market.

On the weekend, speculators had introduced another new turn to the discussion of the slump: "single whacking." Stock index futures contracts expire at the end of each quarter—this Friday for the third quarter. On that day the price of the contract and the price of the underlying stocks have to become equal. The rule applies to three categories: futures contracts on stock indices, options on stock indices and options on stocks. Big investors have to get out of these contracts by the triple-whacking day, and some analysts say that sales in anticipation of Friday's transactions may have added to the slide.

Long before the danger signals began flashing across the floor of the NYSE last week, some economists were drawing parallels between current U.S. economic trouble and those that preceded the stock market crash of 1929. They included heavy inflows of foreign capital, rising levels of debt and growing government pressures in the Congress.

The Canadian economy, always heavily dependent on U.S. trends, has been relatively strong. Driven by a boom in housing starts, Canada's gross domestic product (GDP) rose by 3.8 in the second quarter, fractionally above the U.S. level, and an improvement over the first quarter's 0.8 per cent.

**Damages:** But there were also several negative underlying trends. Business spending on new plants and equipment fell in the second quarter, partially reflecting the damage suffered by the Canadian petroleum industry as a result of lower oil prices. As well, Statistics Canada reported a merchandise trade deficit of \$987 million in July, the first for Canada in a decade.

Canada faces other, more chronic problems. Glutted world markets have flattened the mining industry by driving down the prices of minerals and other commodities. At the same time, North American steel equipment and auto manufacturers have seen their markets rapidly eroded by low-cost Pacific Rim competitors such as Japan, South Korea and Taiwan. The resulting economic dislocation has triggered layoffs, declining profits—and in some cases, new efficiencies for surviving "leanstack" industries (page 34). The impact is heavily regional in nature. "If you live in Ontario," said Carl Brice, chief economist at the Toronto Investment firm Davidson Securities, "everybody is saying, 'Why are people talking about recession?' But if you go anywhere else in the country, you realize times are tough."

**Blow:** At the same time, there is growing concern about the indebtedness that is being accumulated at every level of North American society. In the United States the credit-market debt of families, businesses and governments totalled \$5.2 trillion at the end of 1985, in Canada it was \$861 billion. "At some stage," warned Charles Wiesegrad, chief operating officer of the Winnipeg-based investment firm of Richardson Greenleafs of Canada Ltd., "the level of debt is going to prove to be a very severe blow to the economy." Norman Robertson, chief economist at Pittsburgh's Mellon Bank, said that if "debt continues to grow faster than gross national product, as it has done since early 1980, then sometime early in the next century we would be borrowing the whole way simply to pay interest on the debt."

The personal debt carried by Canadians is currently running at about 17 per cent of annual after-tax income, about the same level as in 1983. By the same measure, personal debt in the United States is 19 per cent, the high-

## IN THE SHADOW OF A GIANT

**Interest Rates**  
annual average



**Canadian Dollar**  
Value of Can. \$ in U.S. cents



**GNP**  
annual growth



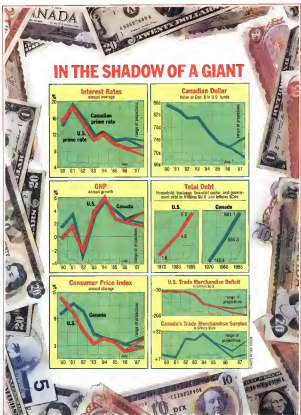
**Total Debt**  
Household, business, federal, state and government debt in billions of U.S. and billion Can.



**Consumer Price Index**  
annual change



**U.S. Trade Merchandise Deficit**  
in billions of \$



ent since 1979. At both the consumer and corporate levels, the increase in debt has been encouraged by the growth of the financial services industry. That predilection in the economy of a sector that manipulates capital and accumulates enormous profits while producing no goods concerns some observers. "We know things are signaling trouble," said Beiric. But simultaneously, wealth is going up. People are finding that through proper financial management, they can carry larger accounts of debt."

**Slowdown:** Experts are also concerned about the proliferation of leveraged buy-outs (LBOs), in which acquisition companies, using borrowed money, take over established firms in the United States. Last year, 116 major LBOs involved \$13.3 billion, while there were another 30 with a total value of \$12.7 billion in the first six months of this year. As a result of LBOs and mergers, Henry Kaufman said in an interview, "the equity base of all corporations is contracting. Because debt is increasing, we expect to have an economic slowdown, because those debt obligations have to be paid."

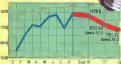
Real deficit reached \$281.6 billion in the first quarter of 1986. But that trend may stop because of legislation passed by Congress last year—and referred to by the names of its principal sponsors, Senate Republicans Phil Gramm of Texas and Warren Rudman of New Hampshire. That legislation mandates a reduction of the deficit to \$164 billion by next year. But in July the Supreme Court ruled that the law's automatic budget-cutting mechanism was unconstitutional. Said Martin Maccini, senior economist with Merrill Lynch Economics in New York: "In classical Keynesian terms, this is the wrong time for Gramm-Rudman."

For Prime Minister Brian Mulroney and the Conservative government, political and economic pressures could also sidetrack a deficit-cutting campaign. Last month Finance Minister

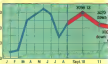
anywhere have become increasingly active in taking measures to prevent outflows of financial institutions. "No one is going to allow the banks to collapse," said Charles Kindleberger, professor emeritus of economics at the Massachusetts Institute of Technology. "If the Third World debt goes sour, the governments will step in. But if people know they are going to be saved, they will take even greater risks."

**Alarms:** One of the gravest immediate problems facing industrial economies is the U.S. trade imbalance and the protectionist pressures arising because of it. Washington is putting increasing demands on other industrialized nations to help rejuvenate the ailing American economy. According to Earl Roderman, chief economist at Business's Central Trust, the United States has carried most of the burden of recovery from the 1981-82 recession. Said Roderman: "The question is how much more can it be expected to carry in isolation." Congress could ultimately run out of patience with the national deficit and, by imposing punitive, across-the-board tariffs on all foreign goods, bring about a disastrous breakdown in world trade.

## DOW JONES INDUSTRIAL AVERAGE



## TSE COMPOSITE 300



Many institutions have already suffered because of insupportable debt loads. Across the United States, levels of bad debts have already sharply reduced profit levels and triggered a rash of bank failures. Nearly 200 American banks have failed in the past two years, and another 75 have collapsed so far this year.

**Loans:** Among the chartered banks in Canada, a total of \$19 billion in nonperforming assets have also seriously undermined profitability. The most seriously affected in the Montreal-based Royal Bank of Canada, which has a current total of \$2.7 billion in nonperforming loans, most of which are overseas and in the energy sector.

But government debt has been by far the fastest growing. The U.S. fed-



Michael Wilson announced that Ottawa had succeeded in reducing the fiscal 1985-86 deficit to \$34.5 billion, well below the previous year's total of \$6.3 billion. But with Ottawa's sights now directed at the federal election expected in 1988 and the regions outside of central Canada needing federal aid to help revive their economies, Wilson may be under pressure to let federal spending rise again.

At the same time, governments es-

That possibility is likely to renege if the U.S. economy shows signs of making a strong revival. But so far, the worst effects from the world's largest economy have led economists to conclude that, at best, growth this year will be modest—in the two- to three-per-cent range—and only slightly better in 1987. But many also predict renewed inflation and higher interest rates. In the meantime, last week's Black Thursday made the leaders of every industrial nation more aware than ever of the fragility of the world's economic fabric.

WAS ANN GEORGE and STEPHEN ALEXANDER in Toronto; CLARE in Ottawa; LARI AUSTIN and WILLIAM LORTIMER in Vancouver; DAVID LINTON and LARRY BLACK in New York; PETER LEWIS in Brussels; and PETER WITTE in Tokyo.



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HYUNDAI



MacMillan Bloedel's Port Alberni lumber and newsprint plant: shrinking

## Resourceful dinosaurs

For decades the growth of the Canadian economy has depended heavily on the fortunes of large companies that extracted and processed the country's natural resources. Far removed from Canada's manufacturing heartland of southern Ontario and Quebec, these companies provided the economic engine for hundreds of small cities and towns. The recession of 1980-82 forced many firms to scale down their operations, throwing thousands of people out of work.

Last week Maclean's reporters Theresa Tedesco, Mark Rodgen and Julia Bennett looked at three Canadian companies—Sault Ste. Marie, Ont.; Port Alberni, B.C.; and the Saguenay-Lac 80-Juan region in northern Quebec—where large resource companies are no longer as dominant as they once were.

**Sault Ste. Marie:** Five years ago the Algoma Steel Corp. Ltd. provided 15,000 jobs in the city of 81,000, directly across the St. Mary's River from the Michigan city of the same name. But by 1983 the 84-year-old company, which produces such products as seamless pipes and rails, employed only 5,500 workers.

The Canadian steel industry has weakened in recent years, mainly as a result of cheap imports and increasingly competitive world markets. Algoma last earned a profit in 1980 and since then it has lost \$375.6 million. The company is now preparing for a long struggle to restore its financial health. Another 1,500 jobs will be cut by the end of next year. The steel giant

will reduce its overall annual production capacity to 2.5 million tons from 3.5 million tons.

Algoma is still the key to the city's economy. In 1985 the firm provided \$11.3 million of the city's \$55.6 million in taxes. And every steel job produces three spin-off jobs. But city politicians say they are concerned that further layoffs at Algoma will seriously increase the city's unemployment rate, already at 19 per cent. Declared city Ald. Dennis Nelson: "We are not going to be able to rely on Algoma steel for the future. We'll have to depend on something else."

**Port Alberni:** The Canadian Forestry Association named the community of 31,800 on Vancouver Island as the official forestry capital of Canada last 1986. The town is heavily dependent on the fortunes of MacMillan Bloedel Ltd., which operates the town's four mills and employs 4,500 workers.

But MacMillan Bloedel's role as a producer of jobs has changed since it began a series of layoffs throughout the province, including 1,500 jobs in Port Alberni. It reduced its workforce last year to 10,110 from 21,772 in 1980. Said Donald MacEachern, the executive vice-president for operations: "Forestry will stay British Columbia's No. 1 industry, but in relative terms it will decline in importance as an employer and in significance to the local economy."

By eliminating jobs and improving productivity, MacMillan Bloedel weathered the recession in the early

1980s. It lost \$21.3 million in 1982 but has been profitable since then. But the firm's efforts to cut costs—partly by holding down wages—have angered many of its employees. A strike by 3,000 members of Port Alberni's Local 182 of the International Woodworkers of America (IWA) is in its seventh week. Said William Hawkins, financial secretary for Local 182: "Forestry is certainly not a sunset industry as some say."

**Saguenay-Lac 80-Juan:** As the world's second-largest aluminum producer, Alcan Aluminum Ltd. had sales in 1985 of \$7.8 billion. But the company is changing the way it operates. Falling aluminum prices and worldwide overcapacity have forced Alcan to sell certain foreign assets and diversify into such fields as electronics and aerospaces.

For the residents of the Saguenay-Lac 80-Juan region, the changes at Alcan have been difficult to accept. Twenty years ago Alcan employed 3,000 workers in the region, but by last year the number had shrunk to 6,000. "If we do not persevere, we're dead," declared Carol Niren, 36-year-old news editor of the regional daily newspaper, *Le Quotidien*, whose father worked for Alcan. "We will lose our young people, which means we will lose everything."

To prevent the loss of even more jobs, Alcan and four other major regional employers—including Alumin-Protec Ltd. and Papier Canadien Ltd.—are investing \$6 million in the new Société par le Creation de New River, an investment firm which will provide risk capital to help local entrepreneurs start businesses. That is the direction that dozens of Canadian cities are struggling to take.



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A WORLD OF CANADIAN TECHNOLOGY

**Federal Finance Minister Michael Wilson** has a critical role to play in shaping Canada's economic future. As we enter the course for the country with its annual budget, we speak to the Minister of Finance and the Minister of the Environment. Wilson's Ontario business correspondent, Mike Clark, interviewed Wilson in his Parliament Hill office last week.

**Wilson:** Do you see any chance at all of a recession?

**Wilson:** No one can anticipate with certainty what an economy is going to do. But we don't see anything on the horizon that would lead us to expect that we are facing a recession. People are looking for a slower economy than the past two years, but those were very good years. Our growth was as good as any other economy, with the possible exception of Japan. I view the current slowdown as sort of stepping to catch breath.

**McGowan:** Are there any wild cards, like protectionist legislation in the U.S. Congress, that could throw the Canadian economy off course?

**Wilson:** There are always wild cards. Protectionism in Congress is one of the major concerns we have today. It is one of the key reasons that we are in trade negotiations with the United States.

**McGowan:** How healthy is the U.S. economy?

**Wilson:** The American economy is beset by two major imbalances. One is the trade deficit, the other is the budgetary deficit. These two deficits combined are a bit of a cloud, and we have to have some concern as to the spillover impact of that.

**McGowan:** Are governments in a position to lessen the effects of a recession? Or prevent one from becoming a depression?

**Wilson:** Yes, I think we are. There are automatic stabilizers that are built into legislation—in the oil and gas sector and the agricultural sector, to take two examples. Those are working today. There is the G-7. Because our status from Canada, the United States and five other leading industrial countries, who meet regularly to try to co-ordinate a com-



Wilson: Wild cards, a recession and stepping to catch breath.

## Cool talk from the man in the hot seat

SPECIAL REPORT

conomic strategies] which would involve a great degree of consultation, so that we could identify and isolate at an early stage those unsustainable imbalances between the major economies of the world. That consultation will contribute to less fluctuation and therefore a greater degree of stability. Canada will be participating actively and fully in those deliberations.

**McGowan:** Are Canada and the United States too reliant on investment industries?

**Wilson:** We are in an evolutionary stage where those segments of the economy are suffering. That is not to say that we just write off those industries. There is still going to be a place in the economy for those industries, whether it be steel, mining, forest products or heavy manufacturing. We are going to be using a continuing injection of more efficient processes, more application of research

and development, the use of microcomputers and other techniques to make those industries more competitive. That is what will guarantee their survival.

**McGowan:** Are you concerned that increases in productivity, mostly in value industries in the world's core?

**Wilson:** That certainly has been the case over the past few years. They are becoming more efficient because they have to be in order to compete internationally. This isn't a phenomenon that started two years ago. It started 200 years ago. Someone pointed out to me that at the turn of the century the two greatest sources of employment in the United Kingdom were domestic help and farming. That didn't mean we banned the use of the vacuum cleaner and the tractor. Other sources of employment have come in their place. Canada has an extremely good job creation record—something like 370,000 since September, 1981.

**McGowan:** How will this government help the West?

**Wilson:** This is something that we are reviewing. There are some factors beyond our control. We can't control the price of oil or the price of wheat. But it's important to realize that there is more to Western

Canada than grain and oil.

**McGowan:** The Prime Minister has said the government will "have to do better" in regional development. Will there be more pressure for extra spending and more pressure on the dollar?

**Wilson:** The Prime Minister said that does not mean that we can't do the reallocation within the [spending] framework that we have. What the Prime Minister is saying is that there should be a balance that shifts more of that effort to encouraging greater opportunities in, say, Atlantic Canada or in parts of eastern Quebec, where unemployment rates are 30 per cent or more. But that does not mean that we blow the fiscal framework. The discipline we have applied has been at the heart of the improved economy because it has led to lower interest rates. Because we have to do one does not mean we drop the other. We have to do both and we will do both. □

# Hedged bets on the financial future

SPECIAL REPORT

One day this week, Steven Bolit, chairman and chief executive officer of Bancorp Mortgage Inc., a mortgage-based life and bond-distribution firm, will meet financial adviser David Blumhardt in her office in Leaside, Ont. As they have done four times before, they will carry out a quarterly investment planning session. A top line of discussion will be last week's sudden stock market collapse. Bolit, a longtime investor, declined only last year to hire professional help. Although she says that the economy is basically sound, having an adviser gives her a feeling of security. Declared Bolit: "I used to be very comfortable with my own choices, but it is a very volatile market right now and has been for the past year."

**Dilemma:** Increasing numbers of leading business executives are seeking outside financial advice for their businesses. Financial experts say that there is enough evidence of slower growth to make cautious planning essential. As well, some financial planners are advising their clients that it is becoming increasingly difficult to forecast trends in the North American economy. And last week's dramatic decline in U.S. and Canadian stock markets was an indication of how directly the unpredictable economy can affect the individual. The 105-point drop on the Toronto Stock Exchange last Thursday and Friday translated into a multi-billion-dollar paper loss for investors.

In the current uncertainty, millions of Canadians face daily investment decisions that can profoundly affect their financial future. Experts say that most advisers will make aggressive financial choices. But more are turning to professional advisers to help them choose from an abundance of investments that range from buying high-risk stock to paying down a home mortgage. Alexander Wright, a partner in YorkWorld, Planning Associates Ltd. of Toronto, says that making new decisions now is critical to surviving a harsh economy in the future. Declared Wright: "The biggest single thing that we can do for our clients is to try to make decisions now."

Many financial planners are now ad-

vising Canadians to move out of the stock and bond markets, and place their money in fairly valuable investments. That strategy enables an individual to exercise much more investment flexibility. Individuals face "a high degree of uncertainty," said Douglas Macdonald, a partner in the Vancouver financial planning firm Macdonald Shymko & Co. and president of the Toronto-based Canadian

mortgage. By the end of August, only 42 per cent chose a long-term mortgage.

**Scary:** Financial planners advise consumers who are already locked into a mortgage to channel as much money as possible into mortgage payments. Macdonald recommends making cash payments whenever possible to reduce the principal amount of the loan and build equity. He also recommends



Bolit making wise decisions now is critical to surviving a harsh economy in the future.

Association of Financial Planners. He added, "It is a time to maintain a high degree of flexibility." And that, say planners, involves avoiding over-investing personal credit and resisting long-term, interest-bearing bonds and derivatives.

**Cautious:** For 62 per cent of Canadians, the largest single investment is the family home. As a result, most homeowners or prospective buyers have become keenly aware of the critical role of the inflation rate. And large numbers of homeowners apparently do not expect rates to increase soon. Peter Carter, vice-president, mortgages, with the Royal Bank of Canada in Montreal, said that at the end of June 71 per cent of the Bank's borrowers chose five-year, fixed-rate terms for their

shortening the terms of the mortgage—paying larger monthly payments but reducing the loan amount much more quickly. That is a defensive strategy that will leave the consumer in a good position to react to an economic upturn, Macdonald says, because with a partly paid-off mortgage the house can be sold or collateral for an investment loan during good times.

Some advisers caution against buying any expensive items—including cars—and future economic trends be more clearer. Last week Canadian auto dealerships introduced such rebates and low-interest-rate financing to sell vehicles that Wright said that the dealers are acting out of desperation. "If the auto companies are offering you deals, it is because they see some-

thing coming," he said. "They are trying to shift the problem from their lots to your driveway."

An increase in interest rates will be beneficial for some investors, particularly individuals with cash to place in savings certificates and with little debt. For short-term cash, the choice is whether to place money in the bank on a short-term basis and wait for rates to go up, or to lock into a higher-paying, longer-term investment. One solution is to do both. Macdonald's Montreal-area associate invests in savings certificates with a variety of terms, both short and long, to protect themselves from sudden interest-rate shifts.

Speculating in the stock market during an uncertain time is also risky, so last week's stock market dive discouraged some seasoned investors. It was a signal that the market had peaked. Bolit, financial planners advise investors not to sell all of their stock and instead cash in stock investments when they can do it for a profit.

**Dilemma's:** Another critical issue for investors is how long to hold on to stock. Professional stock market trader Andrew Burles of Burles & Zakarwan Ltd. of Toronto, says that any stock market investment made now should be only for the short term. Burles adds that the market could easily both rise by as much as 10 per cent or fall by 50 per cent during the next six months. Others are more pessimistic. Robert Pratt, president of Dynamic Funds Management, a Toronto mutual fund investment company, says that the investment funds that he manages for his clients have been "very defensive" for the past three to four months, "biding my cash" from investment income rather than investing it totally in new stock purchases.

Like the stock market, bond prices have also been uncertain. Long-term, 30-year bonds are sensitive to rumors of future or falling inflation. When predictions of a higher inflation rate emerge, the bonds fall in price because investors demand a greater future return on their investment. Burles advises selling long-term bonds now. And

he says that long-term bonds purchased now could fall as much as 30 per cent in price. Added Roy Harndor, assistant vice-president of Toronto Investment Dealer Bell Gossink Ltd.: "You avoid the long end of the bond market like the plague," Bolit, Harndor says that the price of short-term, one year or less, bonds will rise. "It will be looked on as a place to park while you wait for things to evolve."

Consultants will see even more effects of higher interest rates when they consider buying Canada Savings Bonds



Macdonald turn down the new car and pay off the mortgage.

this fall. One, which Ottawa sells every November to help finance the government's expenditures, differ from other bonds because their price does not fluctuate and they can be cashed in at any time. Wright says that this year Ottawa will make this very attractive to investors by offering a high rate of interest because it needs the money. That, in turn, will push up the rate offered by banks on savings accounts.

**Hedges:** For Canadians with cash to invest, the traditional hedge against rising inflation and an uncertain economic future has been investment in precious metals such as gold and platinum. Wright points out that there are

official fiction in the selling of gold prices, such as the pallid situation in South Africa. Still, Dynamic's Stewart said that investing up to 10 per cent of a portfolio in precious metals is a good idea.

A new concentration on offshore assets is also the experts' advice. Said Blumhardt: "At times like these, you encourage people to have a good look at their debt position and see whether they should not be backing off."

Still, there are many investors who are adhering to the high-risk strategy of borrowing to invest and declaring the interest paid on the loan from their taxable income. Toronto pharmacist Gerald Strang, 47, has already paid off the mortgages on his home and has a small stock portfolio. He decided in 1985 to borrow \$75,000 to invest, along with \$25,000 of his own money, in a collection of 14 mutual funds. Strang earned a 30- to 35-per-cent return on his investment last year. Although he says that the stock market may drop by as much as 30 per cent in the coming months, he plans to stay with his high-risk investment strategy. Declared Strang: "I'll stand pat. I don't scare off too easily."

**Dilemma:** That is not the traditional Canadian approach to investment. Unlike Americans, Canadians did not build up high levels of personal debt in the past couple of years to borrow and buy consumer goods or travel.

Experts say that their advice can help ordinary wage earners protect themselves against sudden financial catastrophes. Blumhardt says that most Canadians, including senior citizens, do not think enough about how economic trends affect their pocketbooks. He added: "The more you know about how the future is going to impact on their company that they are about how things are going to impact on themselves."

Nancy Dunlop, a document lawyer expert who runs her own business in Toronto, advocates maintaining a certain amount of optimism about the economic future. Although she expresses concern about North America's lagging debt problem, she is not considering selling her stock or hedging her investments against future risks. Said Dunlop: "I don't believe in buying, non-covered gilts or anything like that, but you have to have some faith in the future."

—ANN SHUTTELL in Toronto





Rallying against unemployment in Liverpool, England: the new industrial north

## Beyond Europe's new breadlines

The meeting was processed as a fresh start in Europe's campaign to reduce its soaring levels of unemployment. This week, in the prestigious Concorde Hotel in Eindhoven, the employment ministers of the 12 European Community (EC) countries were to meet informally—for the second time this year—to discuss the problems of the EC's 16 million jobless. The European economy has recently been buoyant, powered by lower oil prices and interest rates, but unemployment has remained high, with an average of 11.1 per cent of the EC's 125-million-member labor force without work. And despite forecasts that Europe's economy will perform strongly in the next six months, analysts say there is still possibility of more jobs being created once Solid Manuel Marín, the EC's commissioner for social affairs and employment, "if we stick to the same policies and mentality, more than 10 per cent of the Community's work force will continue to be unemployed in 1990."

The EC ministers are expected to attack trade union practices and protect

the document stopped short of recommending "regulation or removing social protections."

EC members are slowly altering old rules to make the labor market more flexible. Employers in France and Germany are increasingly using short-term three- and six-month work contracts to recruit the long-term unemployed. And the Netherlands' right-wing Christian Democratic government has offered the unemployed \$15,000 to start their own business.

Reflected private investment may provide one solution to European unemployment. Jean-Pierre Pelagier, a senior aide for the Paris-based Organisation for Economic Co-operation and Development, said that the United States

had reduced the number of unemployed from 30 million to seven million between 1982 and 1986 by spreading investment across the entire economy. Solid Pelagier: "Europe poured its new investment in just a few industrial sectors, leaving others to continue withering." Coal and textiles have been abandoned while other industries, such as automobiles and electronics, have received the most government help.

Other experts say that economic growth is still not strong enough to ease unemployment. Solid John Marry, a senior EC official in charge of employment and labor market policy: "To do the trick, we would need a sustained growth rate of 3.5 per cent in the Community and an investment boom. In truth, we are currently getting around 2.7 per cent and only a meagre advance in investment."

While the experts argue over solutions, youth unemployment remains a critical problem. A full 37 per cent of the EC's unemployed are under the age of 25. In 1986, the EC pledged \$36 billion for youth employment and training schemes. But that may be of little assistance to youth who came undereducated into the job market during the 1981-82 recession. Solid Gilles Morin, British author of *A World at Work*, a book on unemployment: "They face the choice of dropping out entirely or becoming new industrial scabs at the bottom of the labor pool."

For Europe's unemployed, another round of talks may not be nearly enough.

—PETER LEWIS in Brussels

## BUSINESS WATCH

# Montreal's financial recruiter

By Peter C. Newman

This week, despite the current market drop, André Sauter, the internationally minded agent provocateur who heads the Montreal Exchange, leaves for London on the first leg of a round-the-world trip to sell up more foreign listings.

As well as trying to persuade clients of the Amsterdam and Hong Kong exchanges to double-list in Montreal, he plans to concentrate on British companies in London which want access to the North American capital market. "Our requirements are insatiable and unaccomplished," he maintains, "because we accept most of the same criteria as the British exchanges where they are already listed. And yet the exercise can become highly beneficial for them."

In planning his overseas junket, Sauter has calculated a strategy designed to place Canada's fiscal clock in the best international light. "Is the normal course of events," he told us, "with our small population we would play a larger role within the emerging international network than, say, Spain, Sweden or Belgium. Unless we define a specific niche, harness our strengths and present a cohesive picture, we will remain a regional backwater."

He points out that few people—here or overseas—realize Canada now has the world's fourth-largest capital market. (During 1985 new equities worth \$34 billion U.S. were raised in the United States, \$12.4 billion in France, \$12 billion in Australia and \$4.7 billion in Canada.) Also, Canada is one of a very few countries that operate a smoothly functioning domestic equity market. Sauter insists Canada can assume participation in world markets in two ways: "These possibilities," he claims, "are accomplished by the very different approaches being taken by the Toronto and Montreal stock exchanges. Toronto is trying to bring the world to Canadian markets, while Montreal is seeking to place our best position ourselves within the emerging network of international stock exchanges." That is a subtle but very fundamental difference.

While Toronto is playing its own technological infrastructure into the Paris, London and New York exchanges to facilitate the trading of Canadian stocks in those and other locations (Business Watch, April 14, 1986), Sauter

never forgets what he calls a "judicious" approach. The trouble with attempting to be an astute money player alongside the world's great exchanges, he believes, is that an increasing proportion of trading in senior Canadian stocks is already taking place outside this country. On the day of our interview, he tapped up the Alcan file on his desk computer, showing that 890,000 shares had traded in New York, 160,000 in Toronto and 21,000 in Montreal. "So

between "We shall have to redefine ourselves," he says, "as a bridge under which traffic generated by others will flow, as opposed to being a destination by itself."

Getting away from Sauter's Gallic use of images, he has put his philosophy into practice by directly establishing links with the Boston Stock Exchange, as well as with Paris and Amsterdam—part of the 24-hour-a-day international clearinghouse he is expanding at Exchange headquarters at 11 Place Ville-Marie. This year, in fact, the Montreal Exchange has already attracted 35 new listings (more than the total for all of 1985) and Sauter expects another 30 new companies will have joined up by year-end. But so far only two—Lac Minerals Investments, a Quebec-based, Franco-American investment firm, and the French conglomerate Lyonnaise des Eaux—have been recruited from abroad.

The main reason for taking Sauter's quest to transform the Montreal Exchange seriously is that this is no serious post, the most militantly stimulating (however, under Edouard Rivest) first occupied the Exchange presidency in 1983. A sociology professor at the University of Quebec and the holder of an MBA from Harvard, he rose rapidly to the rank of assistant deputy minister in Ottawa before leaving Canada for a couple of years to become special adviser to the president of Niger. After spending four more years with the ministry of state for urban affairs in Ottawa, Sauter joined the Liberal government in Quebec City, first as deputy secretary to the cabinet, then as deputy minister of natural resources. Sauter joined Richardson Scott of Canada in 1979 in Montreal and eventually became president. When a senior vice-president in his current incarnation he has quickly become recognized as an articulate spokesman for Montreal's business community.

Looking at Canada's current social, economic and political trends, he does not like what he sees. A revamped social contract is urgently needed in this country," he says. "Time is of the essence. Canada stands at an epochal watershed of our making from which we will either move forward to new and heartening prospects or be pushed back into a dark, increasingly unpredictable, but later position, insignificance. We are quickly nearing the rear of the age."



Sauter's shifting a specific note

where is the real market for Alcan if I want to sell 100,000 or buy 100—where do I go? New York, of course."

Because he is convinced this trend will grow and spread to secondary stocks, Sauter has devised a strategy for the Montreal Exchange that rejects the notion of trying to become an independent force in the market place. Instead, he visualizes his organization (and Canada, for that matter) reentering into the more realistic role of a handy tollgate, a significant go-

# TV BOILS OVER

COVER

The scenario is the stuff of a prime-time drama—one on a scale that *Forrest Gump* Dynasty's. The protagonists are rich and powerful men vying for control of the Western world's most powerful medium. One is Ted Turner, the U.S. broadcasting business titan who has vowed to extend his satellite cable network until it orbits the planet. Another is billionaire Rupert Murdoch, the Australian-born media magnate who created Europe's media-life *Big Brother*. Next month he will launch a fourth U.S. network, Fox Broadcasting Co., to challenge the old transatlantic of NBC, CBS and ABC. Meanwhile, the old networks' stocks are bought and sold like poker chips while executives scramble to trim costs and court their fragmented audiences. In Canada a parallel drama unfolds, with stark political overtones. One of the strongest bastions of public television anywhere, the CBC shoulders under the weight of budget cutbacks and administrative chaos. Around the world, broadcasters battle for control of the global village. Television's future—and the face of modern culture—hinges in the balance.

And that scenario of conflict and confusion, Canadian politicians will soon consider a proposal to conduct a major overhaul of the country's broadcasting industry. The federal government's task force on broadcasting, formed 18 months ago, is not expected to publish its long-awaited report until next week. But Murdoch has gained access to its main findings and recommendations. Calling for generous measures to raise the quality and quantity of Canadian TV programs, the report proposes a massive increase in assistance to public broadcasting. It suggests that the CBC increase prime-time Canadian content to as much as 55 per cent, from 36 per cent, at an estimated annual cost of about \$80 million. In addition it calls for the creation of a second public network, a commercial-free superstation called TV Canada, independent of the CBC. Chaired by Gerald Caplan, former federal secretary of the New Democratic Party, and Florian Stancovici, communications professor at Quebec City's Laval University, the task force also argues that private broadcasters devote more time and money to Canadian programming. And it is sharply critical of the Cana-

dian Radio-television and Telecommunications Commission's neglect in enforcing current broadcast license regulations.

The task force's revelations came at the end of a highly successful week for executives in both Canadian and American television networks. In Ottawa the CBC's failure to balance its books for an annual report which is now two months overdue aroused speculation that CBC president Pierre Juneau may resign. And Denis Harvey, the corporation's vice-president, launched the CBC's fall season with a warning that it is a "bottleneck" at the network. In the United States a marathon board meeting at the troubled CBS network last week climaxed with the resignation of Thomas Wyman, its embattled chairman and chief executive (page 45). With ratings and profits dwindling, CBS is undergirding the most serious weakness of the U.S. network, but its plight underscores a general crisis in network television that already affects what appears onscreen.

**Shakedowns:** Within the past 18 months each of the three major U.S. networks has undergone corporate shakedowns and suffered budget cutbacks. As a result, this fall features the most dramatic scaling of new programs in many years (page 42). Jeffrey Osborne of the Toronto-based Media Buying Service, which places \$98 million worth of TV advertising annually, told "Because of the upheavals, buy-outs and fire-drills, the networks

aren't as rich as they were. There are fewer new pilots and blockbuster miniseries. Programs that would have been cancelled a few years ago stay on the air."

The growth of independent stations,



pay TV and video, has loosened the major networks' traditional grip on the viewing audience. In fact, during the past decade the three U.S. networks' overall share of the audience has

slipped to 71 from 80 per cent. And this year advertising revenues are down. At the same time, public television throughout the Western world is caught in the squeeze of fiscal restraint. Public networks in France have been privatised, and in Britain, they are under pressure to accept advertising as well, along with those in Canada, they have cut back production and jumped links with independent producers. The



kind in the world. In a recent interview, Caplan told *Maclean's*: "The results are startling. The issue is how much should the public sector be involved in doing what the private sector finds unprofitable."

**Myth:** One of the task force's key findings undermines the myth that Canadians prefer American shows to their own. Statistics showed viewers watch Canadian programming in al-

most in the world. In a recent interview, Caplan told *Maclean's*: "The results are startling. The issue is how much should the public sector be involved in doing what the private sector finds unprofitable."

Although the task force argues more support for the CBC, it criticizes the network's bureaucracy. The report recommends that the network decentralize its overall operation to speed production among five regional centres. And it suggests reorganizing some of the CBC's senior executives. It proposes turning the parliamentary channel over to the Speaker of the House of Commons and placing Radio Canada International under the department of external affairs. A surprise claim in the task force told *Maclean's*, "The idea is to simplify the mandate and to give the CBC more resources to concentrate on what it does best."

The most ambitious reforms include a series of measures designed to strengthen Canadian content in prime time. The document calls for an increase in the amount of money the CBC contributes each year to independent producers. And it recommends forming Ottawa's Broadcast Fund, which subsidizes TV production, is \$75 million from about \$25 million by 1996. It also calls on Ottawa to create a 100-per-cent tax deduction for the purchase of all commercials bought on Canadian programs—a step that would cost nearly \$30 million in lost tax revenues.

**Goals:** Meanwhile, TV Canada, the second network, is proposed as a commercial-free oasis of Canadian programming. It would serve as a central outlet for the National Film Board and as a repeat channel for the best programs from public broadcasters. It would place a stronger emphasis on programming for children and young people. The report places TV Canada's budget at \$65 million the first year, rising to \$100 million over five years.

The seven-member task force, which included both New Democrat and Conservative members, gave the report unanimous endorsement. But Ottawa is unlikely to adopt any extravagant measures while preaching fiscal restraint—especially with a federal election just in the future. In the task force document, excerpts from a history of *Monty Python* is rally support for public broadcasting in at least one respect: such proposal bears a price tag based on cautious projections. And the report contains elaborate suggestions for raising revenue: raise to 15 cents the sales tax on television sets. Or, for a tax of at least five per cent on sales and rentals of VCRs and video cassette. The task force estimates that with such a tax Ottawa could have generated \$110 million from 1984's sales and rentals.

The task force report, commissioned by former communications minister



We Don't Knock again, actress Lori Loughlin (left) Caplan (below) reveals

conspirators that result often bypass local images for broader commercial appeal. Meanwhile, television's new bureaus, led by Turner and Murdoch, compete to shrink-wrap the planet in a satellite web of American programming.

**Battle:** In Canada the war for control of the small screen has become a major cultural issue. And the task force report offers a comprehensive battle plan. Its 30 chapters add up to the most exhaustive study of broadcasting in the country's history and one of the most detailed studies of its

most direct proportion to its availability. During an average week of English-language TV, 39 per cent of the programming available is Canadian—and 29 per cent of what the audience watches is Canadian. Figures for drama reach precisely two per cent of TV drama in Canadian, and Canadians spend two per cent of their viewing time watching Canadian drama.

But the figures for news programming reveal a striking disparity. Viewers devour Canadian news in almost double proportion to its availability. In fact, the task force recommends that



# RECRUITS IN THE BATTLE FOR PRIME TIME

COVER

Each fall the three major U.S. TV networks unveil a fresh cast of characters in North American living rooms. They are the new creatures of prime time. Their mission is to amuse and seduce as they beguile the avid viewing audience. The current season's newcomers include unscrupulous lawyers, sentimental detectives, long-suffering fathers, preteens, students, career women, a far-seeing alien and a dwarf. Many of them with disappear in a rapid process of natural selection. TV's evolutionary race favors survival of the fittest—and often the fittests.

The new schedule reflects a cautious programming strategy. Eroded by the expansion of satellite cable and video cassette are, the networks' overall share of the tv audience has declined steadily over the past decade. But last year comedian Bill Cosby almost single-handedly revived the network's fortunes with a show that attracts 51 per cent of all viewers in its time slot. And his example has helped change the face of prime time: six of last season's top 50 shows were sitcom comedies. This fall the networks have reinforced the trend. More than half of the 33 new shows are half-hour sitcoms, and even the dramas have a lighter edge. Networks are also changing to produce, a selling point for savvy, price-conscious network executives. As well, the networks have kept 18 of last fall's 22 new shows on the air—an unusually high number. And in keeping with conservative shows, they have also resurrected such vintage stage as *Lavette Ball* and Andy Griffith to restore an image of wholesome family entertainment.

Recycling familiar faces and copying past hits is the season's prevailing trend. But by far the most promising new show, *Law & Order* (NBC), takes a more original approach. Presided by FBI Street Alton Corbett Steven

Bochco, L.A. *Law* is a well-crafted ensemble show about a high-profile Los Angeles law firm. Combining serious drama and satirical satire, it portrays lawyers as members of an ignominious industry. And its episodes span a broad repertoire of legal action, from criminal trials to divorce feuds. The pilot episode centers on a black woman who is raped by the son of one of the law firm's major corporate clients. In a darkly comic subplot, the firm's leading



Jack and Mike's Mack and Ron Mason, dangerous

ing tax lawyer is found dead face-down in a pizza after suffering a heart attack. At his memorial service, a colleague delivers a bizarre eulogy: "Our man stood as a beacon in the deep fog of two-code confusion."

**Comedies:** Aside from Bochco, the other major producer launching a costly new series is Michael Mann of Miami Vice. While NBC has moved Friday's *Vice* about one hour, so that its guns are aimed directly at CBS's *Dallas*, Mann has created another heavily styl-

ized police show. Set in Chicago during the early 1980s, *Criminal Minds* (ABC/Globe) features hip-finned cars with white-walled tires squealing over rain-slicked streets at night. Unlike *Vice*'s danger detectives, its police are bulky men in black hats and ill-fitting suits. And like *Jack Webb* in the old *Dragnet* series, *Criminal Minds*'s hero doubles as a gruff first-person narrator. The period setting allows the producers to dress up the show with art-deco designs and rock 'n' roll dramas.

**Realistic:** Elsewhere in the fall schedule, British crime fighters are out of fashion. In fact, one economic new sitcom, *Sledge Hammer!* (ABC/Globe), is a broad parody of the shoot-first-ask-questions-later school of police vengeance. Its detective dislodges a sniper from a downtown rooftop by using a banana to destroy the entire building. It is decided that the show, with its one-pole punch, has the firepower to survive the season.

A more likely hit is NBC's *ALF*, short for Alien Life Form. It is a sitcom about a family that adopts a shaggy, wisecracking orphan from another planet. Resembling a cross between a Nuppet and an awkward, the creature is a toy merchandise dream come true. *ALF* combines that gimmick with Cosby's theme of beleaguered fatherhood. In fact, in one episode the father pays homage to TV's most popular moralist: "If we don't respect the rules we make," he tells his two children, "we're never going to respect each other. I mean, have we learned nothing from watching *The Cosby Show*?"

**Sitcoms:** The fall schedule abounds with families making room for long-lost relatives. In *Bay Street* (CBS/CV), WKRP expatriate Lord Anderson plays a former showgirl who inherits a Beverly Hills mansion and invites her jaded uncle and his black companion to live with her. And on the dramatic side, *Our House* (CBS) portrays a widowed mother and her three children who move in with a kindly grandfather.

The perestroika theme has even crept into the new crime and action shows. *Shannon* (ABC/CBS), based on the movie of the same name, is the ponderous saga of a fugitive alien and his Earth-born son. In *Shadows* (ABC/CBS), adapted from Danny's tv movie *The Last Electronic Knight*, an Oriental boy with expertise in the martial arts persuades a bachelorette detective to become his guardian. And in CBS's current police show *Heart of*



Woman's Darts Burke, Jean Smart; Law's Al Eisenberg; Mary McCormack (below), wit

the City features a detective who fights crime by night and goggles with the trauma of being a single father by day. *Deviousness*, Heart of the City's wisest counterpart at CBS, portrays a police lieutenant as a reluctant father-figure to four pariahs.

**Acrobats:** While the new worry about the children, the new season has produced a fresh crop of independent sex-appeal women. In *Jack and Mike* (ABC/CBS), former Charlie's Angel Shelley Long plays Jack, a Chicago newspaper columnist married to Mike, a restaurant entrepreneur. Both are devoted to hard work and dangerous adventures. An even bolder heroine is the siren of *Key O'Brien*, played by Patricia Richardson, whose signature remark is "Call me Kage," and who has to cut through sexist discrimination in a New York hospital. The drama's dialogue is riddled with cryptic medical jargon rapidly viewed through surgical masks.

Of all the sweet, tooth-tugging cover women in the new shows, the unsmiling—and the funniest—belong to *Denzong* Wowers (CBS/CBS), a tart-tongued comedy cleverly patterned after last season's hit Golden Girls. Its four middle-

aged characters are partners in an interior-design firm who spend their time discussing each other's love lives. The program copies both the format of *Golden Girls* and its fine acting and pacing, acrobats with "If we were a fast food," one of the women tells another, "there would be an arch under your bed."

A more daring sitcom seeking to reassure rather than provoke viewers is



*The Ellen Burstyn Show* (CBS/ABC). The veteran actress portrays a college professor who conducts writing classes at home, where she lives with her mother, her daughter, her grandson and a dog. But the humor crumbles under the an unlikely concept: married up to the overbearing daughter. "I'm a child and you're a mother and your mother's a mother and you're a child and I'm a mother. We'd need a notepad to tell who the adults are around here."

**Pedagogy:** The fall lineup also includes two new sitcoms that bring back the tradition of classroom comedy. *Heart of The Class* (ABC/Globe) stars Howie Hesseman, also host of WKRP, as a teacher in charge of an eclectic group of out-of-bright pupils ranging from a pre-titled child prodigy to a bearded punk. The program stands a much better chance of graduating with decent ratings than its CBS equivalent, *Better Days*, a classroom comedy in the same time slot. Veering on tragic caricature, *Better Days* is about California's teenager who enters a Brooklyn high school and tries to win the respect of his black classmates, whose skills seem limited to dating and basketball.

While attempting new twists on old situations, the networks have also revised more radical far more ideas. In many cases their characters have severely changed from their past incarnations. *The Jefferson* veteran Sherman Hemsley returns as a cynical dancer in *Amex*, which features burlesque 1960s rock *Little Richard* as the character. Pam Dawber, the whining straight woman on *Mork and Minky*, plays a winning photojournalist in *My Sister Sam*. Andy Griffith has grown from a small-town sheriff to a smart Atlanta lawyer in the new series *Murder*. But the most surprising resurrection is that of 75-year-old Lucille Ball with her old costar Gale Gordon in *Lip! with Lucie*.

**Looking:** Then there is the dwarf. He is a crime-fighting toy maker in *The Winner* who outwits his opponents with silly inventions like little darts on wheels that restrict the tires of getaway cars. These seasonal stunts at novelty betray a lurking sense of desperation at the networks. But more often, television's programmers have taken the safer road, back to time-tested traditions.

—BRIAN D. JOHNSON in Detroit



Street Legal's Sophie Davis, Miguel Ferraz, David Duchovny (left): crime realism

## BLEAK SCENES ON THE HORIZON

COVER

Far from presenting a brand-new wardrobe, the 1996 Canadian television season is unusually bleak. Last year's five new Canadian shows premiered on the CTV network, but this year only one prime-time program will debut. And although first-rate movies and specials will be scattered throughout the cable season, the network, which is rare on a relaxed budget, will launch some of its new dramatic series until December or January. The few programs that are new on both major networks include one show that tries to be funny by imitating the privacy of sitcoms, another that gives viewers an opportunity to air their petty grievances in public and a fictionalized spin version of *Northern Exposure*. For the most part, the new fall shows are inexpensive derivatives rather than memorable originals.

The most ambitious new series is the CBC's 88-episode *It's Always About Sex*, which chronicles a small-town Quebec boy's rise to stardom in the National

Hockey League. It is the first series to be fully produced in both official languages, with the same cast performing separate English and French versions. Scripted by veteran Montreal playwright Jacques Tremblay and novelist Louis Caron, the show has been sold to



beige the exuberant nature of the United States between the 1960s and the 1980s. Produced by Cineplex Inc. in association with the CBC, the show takes a sweeping half-century view of American culture. With its slick, kaleidoscopic images, *Century's* style is closer to a rock video than a documentary, but its free-wheeling spirit is infectious. By contrast, the CBC's new comedy series *It's Always About Sex* is more disturbing than appealing. The show features soap opera actor Shawn Thompson and comic Howard Ruggins, who approach strangers at various social places and attempt to engage them in conversation. As camera titillate on events ranging from a house party to a high-school reunion, people respond to Thompson and Ruggins with bewilderment and occasionally anger.

**Prodigy.** A more aggressively produced program from the CBC is its new drama series, *Street Legal*, which debuts in December. The story revolves around Carrie, Lena and Chuck, three young urban lawyers who set up shop and steal the trendy chic of Toronto's Queen Street West. Also scheduled to debut in December is a new children's drama series, *Secret Path*, which will look at life in a small Indian community. Another new children's series, *Dragon Junior High*, from the producers of last year's award-winning *The Kids of Degrassi*

national television networks in Switzerland and France and some independent stations in the United States. The series scores points for its quiet realism but is less effective when it pitches to the private life of hockey star Pierre Lambert (played by Toronto actor Carl Lumbly), including his love affair with Giselle (Marie-Chantal Lacasse). In the first few episodes the story and dialogue are contrived. At one point, a aunt says of Lambert, "With a Russian mother and a Canadian father, the kid is a hockey thoroughbred." But the series does not live up to that promise.

**Intentional.** A more entertaining CBC offering is *The American Century*, a six-part popular history which celebrates the exuberant nature of the United States between the 1960s and the 1980s. Produced by Cineplex Inc. in association with the CBC, the show takes a sweeping half-century view of American culture. With its slick, kaleidoscopic images, *Century's* style is closer to a rock video than a documentary, but its free-wheeling spirit is infectious. By contrast, the CBC's new comedy series *It's Always About Sex* is more disturbing than appealing. The show features soap opera actor Shawn Thompson and comic Howard Ruggins, who approach strangers at various social places and attempt to engage them in conversation. As camera titillate on events ranging from a house party to a high-school reunion, people respond to Thompson and Ruggins with bewilderment and occasionally anger.

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Street, begins in January.

The 1996 federal financing cutbacks are beginning to impose constraints on CBC programming, but the 1996-97 season will feature several impressive specials and movies that were in development before the reductions took effect. The specials include *Love Live: The Fleck*, a documentary about David Cronenberg, the Canadian director of the horror movies *Screamers* and, most recently, *The Fly*, and a broadcast of the Canadian Opera Company's 1996 production of Puccini's *Pastorale* by the Corbucci. Among the season's movies are the Canadian-made *Logan's* and *Dancing in the Dark*, which both won favorable reviews at 1996 film festivals.

On CTV, the one new prime-time program is a relatively humble affair, *Peter Power*, featuring actor Harry Atkin as the host of a show that asks viewers to submit their minor annoyances and then turns their gripes into slots enacted by the show's resident troupe. *Peter Power* is a modest venture, but one of CTV's returning shows, *The Campbell and Meehan* films, are done well outside the country. A joint venture of CTV, Canada's British Film Productions Ltd., Scotland's Fremantle International Inc. and Scottish Television plc, *The Campbell* is a drama series about a Scottish doctor and his family in 18th-century Upper Canada. The show receives high ratings on Britain's CTV network.

**Gritty.** An even more successful CTV export is its police drama *Night Heat*. Last year, CTV bought the series—an all-Canadian co-production by CTV, the Alliance Entertainment Corporation and Greco-Jacobson Productions Inc.—and aired it as an inexpensive alternative to late-night talk-show programming on rival networks ABC and NBC. In several places, the gritty crime lighters often received higher ratings than Johnny Carson's *Tonight* show. This year *Night Heat* returns to late-night CTV, and it will be joined there by *It's Always About Sex*, a new TV co-production from the same independent producers as *Night Heat*, about two mystery-solving reporters. U.S. and Canadian viewers will be able to see the show on CBS later this month, but CTV will not begin airing it until some time next year.

Faced with rising production costs and a weak advertising market, Canadian networks may have to choose between giving U.S. networks first choice at their highest-quality products or producing less expensive material solely for their own use.

**FAMILY YOUNG** with BRUCE WALLACE and ANTHONY WILSON-ROTH in *Street Legal* and DAVID DUCHOVNY in *Street*

## HARD TIMES AT 'BLACK ROCK'

COVER

It was a dramatic moment at Black Rock, the sober Manhattan skyscraper headquarters of CTV Inc. An 11-hour meeting of the troubled television network's board ended just as anchorman Don Sutherland was wrapping up the CBS Evening News. When he heard about it through his mobile telephone, he ad-libbed a report before his sign-off that CTV chairman Thomas Wynman was "out." William S.

fully read it for him, and cable-TV entrepreneur Ted Turner and Wall Street investor Ross Perot looked on with hostile takeover bids. As a result, the network's postpaid ratings and earnings all slid. Lawrence Tisch, who controls the hotel and cinema giant Loews Inc., stepped in last year to buy a quarter of the network and discourage leveraged buyouts. He had a \$4-billion defense against the takeover attempts and failing ad revenues forced Wynman to cut 900 people from the staff in July—30 of them from the news division.

**Competition.** Meanwhile, the network's prime-time entertainment schedule fell into second place behind NBC. And the reputation of CTV news suffered when its veteran reporter Bill Moyes declared publicly that environmentalism had become the focus of the news department, headed by Vice Gordon Sasser. With CTV's decline last month to abandon its unprofitable *Morning News*, speculation about a shakeup accelerated.

Tisch and Paley say that they will run the network over the next few months. Tisch as chief executive officer and Paley as CTV chairman, while the board selects a new chairman. Some CTV staff members say they are concerned about that interim arrangement, although Tisch is known to share Paley's support for his presidency. The network faces increasingly tough competition from NBC, CBS, CNN, Fox, and PBS, and the fact which merged last year with Capital Cities, as well as from cable systems, home video and new private networks which Ted Turner and Rupert Murdoch are assembling.

The day after Wynman's departure, news chief Sasser resigned. Although some insiders predict that Cronkite, 68, currently a member of the cable board, will replace him, Cronkite has flatly denied those reports. But some staff members in the news division say they hope that Cronkite did sign-off, "that's the way it is," that the way it will be again.

**—LARRY BLACK** is New York



Paley: a police coup by the legendary broadcaster

Paley, 64, the network's legendary founder, had engineered a coup against the man who succeeded him three years ago. Later, a fashionable Park Avenue reception following the marriage of Mike Wallace, a host of CTV's 60 Minutes, turned into a victory party. Celebrities included network star and former CTV reporter Don Sasser, real ABC anchorman Peter Jennings and the grand old man of American TV news, Walter Cronkite. Staff Toronto-born Jennings: "The atmosphere was positively festive. When a news organization of CTV's quality has been suffering publicly the way it has, it's really no source of joy to its competitors."

**Decline.** CTV, which dominated the other networks for more than two decades under Paley's despotic direction, has encountered numerous problems since the victory-bought Wynman took control. The conservative U.S. Senator Jesse Helms has attacked the network for liberal bias, Vietnam general William Westmoreland suc-



Shackelford and Mimi: an unresolved triangle

Last season's CBS prime-time soap opera *Roads Ending* ended with an unresolved love triangle: **Ted Shackelford** was embracing his ex-wife (**Jean Van Ark**) while his current wife, played by **Donna Mills**, nursed her affair with another man. On the show's season premiere this week Shackelford's character, Gary Ewing, does not forsake second wife Abby and returns to his true love, Valerie. But that remains a possibility. Said Shackelford: "I can't tell you anything about the upcoming season because I don't read whole scripts. I just read my part."

**G**rowing, playing and gracing are three of teen legend's specialties. But the 26-year-old Chesapeake-born tennis star is trying to change his court image after winning his second consecutive U.S. Open earlier this month. Instead of remaining behind the iron gates of his Greenwich, Conn., mansion, Lendl celebrated by taking his parents and his girlfriend, **Susantha Franklin**, 18, to Manhattan. Later, at home with his six German shepherd guard dogs, Lendl declared, "I am friendly. Maybe some people think that I'm not because of the tennis court. I seem badassish. I don't

smile a lot." But a friend, who asked to remain anonymous, claimed that Lendl has been smiling—in front of a mirror.

**R**eal-life mother and daughter **Julie Andrews**, 50, and **Emme Watts**, 22, say that they enjoyed playing the same relationship in *Black Edwards' Dark Light*, the new film produced by Andrews's second husband, **Blake Edwards**. Even Watts's dog, *Chummy*, had a part. Said Watts: "It was such a complete experience." As for her mother, Watts disclosed that Andrews is not necessarily as wholesome as the characters she usually portrays. Declared Watts: "She is seriously not above a four-letter expletive."



Andrews: even the dog

**W**hipper-born actress **Mimi Kuzyk** was unknown in her own country when she won a feature role in NBC's hit series *Mid Street* about two years ago. Now, the 34-year-old Kuzyk says she is looking forward to appearances on two U.S. networks—

Canada, and so you have to be able to do commercials and be moxy and then be a professional lawyer." She added that movies are next. "Yes on my way."

**M**acMillan University principal **David Johnston** began his alternative career as a political moderator in 1979 by hosting the post-election debate between the leaders of Canada's three federal parties. And earlier this month he added to his reputation for grace under fire by moderating the 15-part politics television series *Designing It*, which matches the toughest college debaters from North America and Europe. Johnston acquired some of his distinguished calm during his college days at Harvard where, as captain of the freshman hockey team, he so impressed then-future professor **Ernie Sabers** that Sabers and him as a basis for a character in his book *Love Story*. But the admiration is no longer mutual. Johnston says he is annoyed with Sabers's latest effort about Harvard campus life called *The Class*. Describing the book as "cynical and unduly damning," Johnston added, "I don't know why he did it."

**C**aricaturist **Ran Wicks** met **Mimi Kuzyk**, a lady of his Ontario law firm, for the first time last week in Ottawa. Reported the 63-year-old transplanted Cowboy: "She charmed the hell out of me." Wicks and his wife, **Doreen**, joined **Mel Murray**, **Pierre Barthelemy** and **Knowledge Nash** to select the finalists in a national children's art and literature contest for publication in *Dear World*. Also: *I'll Put the World Right*, a project to benefit children of the Third World. In selecting the 30 best entries, Wicks said that he was struck by their honesty and humor as well as by Mulrooney's overwhelming enthusiasm. "The problem I'm going to have now is drawing anything that even closely resembles attacking her family."

—Edited by  
BARBARA BRIDSON



Mulrooney and Wicks: she charmed the hell out of me

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CANADIAN DENTAL ASSOCIATION

# Pawns in a game between superpowers

The two men met near the entrance of a Moscow subway station before walking together to nearby Lenin Hills Park. There, on Aug. 30, moments after U.S. journalist Nicholas Daniloff was freed, a sealed envelope from a blond, rosy-cheeked Soviet acquaintance named Mishka, eight Soviet security agents arrested the American on espionage charges. In an instant the 53-year-old correspondent for the Washington-based weekly newsmagazine *U.S. News & World Report* became a pawn in a superpower propaganda battle. And his prospects of regaining freedom became intertwined with the fate of 30-year-old Soviet citizen Gennadi Zakharov. The recent one week before Daniloff's arrest, U.S. federal agents stopped Zakharov, a United Nations physician, on a New York subway platform and later charged him with espionage. The arrests cooled relations between the United States and the Soviet Union and threatened prospects for a summit meeting between the two countries' leaders later this year. But at week's end, diplomats in Washington and Moscow negotiated an agreement freeing the two men from prison.



Daniloff, Zakharov (below) 'newspaper clippings' and negotiations.

U.S. state department officials had proposed that Daniloff and Zakharov be released into the custody of their respective embassies. Under that arrangement, Daniloff would leave the Soviet Union while Zakharov remained in New York to face espionage charges. But Soviet officials demanded that Daniloff remain in Moscow to stand trial. And Secretary of State George Shultz said that he accepted that condition in order to free an innocent man, said Shultz. "There can be no question of equating the cases of Daniloff and Zakharov. Daniloff is not a spy. The continued detention of Daniloff is unacceptable. But Soviet officials maintained that Daniloff had sought such sensitive information as Soviet troop positions in Afghanistan—a charge that the U.S. government denies. Daniloff has said only

that he agreed to the meeting merely to receive a package which he believed contained newspaper clippings.

Even before Daniloff left, an eight-by-10-foot wall in Moscow's Lefortovo military prison, an analyst at Washington's Georgetown Center for Strategic and International Studies suggested that the incident had followed a classic Soviet pattern. Its purpose, to demonstrate the Soviet Union's toughness before top-level talks with the United States. Declared Edward Luttwak, a senior fellow at the center, "The American concept of negotiation is to begin with gestures of goodwill, designed to get goodwill back. The style carried on by the Soviets is the Mongol style: hit the guy very hard in the face and then start talking."

Still, other Washington analysts said that U.S. agents had also showed poor timing by arresting Zakharov during delicate negotiations for a meeting between President Ronald Reagan and Soviet leader Mikhail Gorbachev. They noted that an affidavit

They claimed that attempt violated an unwritten rule of espionage which proscribes the handling of sensitive material to diplomats who are so much from prosecution. Soviet nationals who are at the United States without diplomatic status, including Zakharov and 500 other Soviets working at the embassy, apparently resist espionage activities in identifying potential sources of top-secret material.

With Zakharov and Daniloff out of prison, Shultz and Soviet Foreign Minister Eduard Shevardnadze were to meet in Washington this week to discuss the possible summit. But Shultz said that capture and detention of the journalist could damage chances of a meeting occurring this year. And while Daniloff was easily exonerated after leaving his cell, he declared "I am not a free man yet. I have changed a hotel for a week before one."

—MALLORY GRAY with WILLIAM LUTTWAK in Washington and KIRCH CHARLES in Moscow

made public after Zakharov's arrest showed that Federal Bureau of Investigation agents had kept the Soviet physicist under surveillance since April, 1980. At that time, Zakharov had asked a 19-year-old Guyanese student to supply him with information in such fields as computers and robotics. The student did so, but he also informed the FBI and the bureau built a case against Zakharov by furnishing him with sensitive data until last month, when he demanded and received classified material on military aircraft design.

As well, U.S. administration officials say that Zakharov—who does not have diplomatic immunity—was part of a Soviet attempt to expand its U.S. spying operations.

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—MALLORY GRAY with WILLIAM LUTTWAK in Washington and KIRCH CHARLES in Moscow

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## SPORTS

# Countdown to the pennant

As the New York Mets moved to within one game of capping their miraculous season, at week's end the Toronto Blue Jays could only hope for a miracle of their own. Just a week earlier Toronto—defending champions of the American League East—was poised for a run at the pennant, trailing the Boston Red Sox by 4½ games. But in critical series with the Chicago White Sox of the Western division and with perennial Eastern rivals the New York Yankees, the Jays faltered, losing five of six games. At the same time, the Red Sox topped off an 11-game winning streak before losing last Thursday and stretched their lead over Toronto to a disheartening nine games. Still, Jays outfielder Jesse Barfield, who last week broke a 23-game, home-run-hitting drought, remained optimistic. Said Barfield: "We're not going to call over and play dead. We're thinking of first place."

The Mets were already grilling ready to celebrate. They ordered the champagne to mark the championship of the National League East months ago. Going into last weekend, with a 22-game lead over the Philadelphia Phillies, they were ready to pop the corks. In the National and American Western divisions, the respective leads of the Houston Astros and the California Angels matched the Red Sox. And while the champagne is not yet on ice in those cities, their fans have reason to grieve for a party. If the Sox win just half of their remaining games, they would force Toronto to win 30 of their final 32 games to earn a tie. Said Blue Jays outfielder Rick Lench: "Boston has to completely fall on their faces for us to get back into it."

But Lench's team has evaporated in the heat of pennant money. And favoring the gamblers, including Toronto, the remainder of the major-league schedules pit divisional rivals against each other. This week, following a

four-game series with the Milwaukee Brewers, the Jays host the Detroit Tigers twice and then face the Sox, also at home. In a still-critical, three-game series, each Blue Jays win over Boston would trim a full game off the lead. And, before traveling to Toronto, Bos-



Blue Jays' hoping for a miracle.

ton has three-game sets with both the Yankees and the Brewers. Said Boston right fielder Dwight Gooden: "No lead is comfortable until you're ahead by two games with just one to play."

While Toronto's players and fans hoped for a miracle on the diamond, they received one of sorts off the field last week. After months of delays, the Ontario Municipal Board gave approval for the construction of a \$302.6-million, 55,000-seat stadium with a retractable roof. Plans call for the facility to be ready for the Blue Jays' opening game of the 1990 season. By then, the 1986 pennant will either be a somewhat bitter memory or a proud banner fluttering over a new home.

—BIL GEITON in Toronto



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## Good news about birth control pills

A social revolution that changed the world began in 1960 when the U.S. and Canadian governments permitted G.D. Searle and Co., a Chicago, Ill.-based pharmaceutical firm, to market a tablet which corrected menstrual disorders. But Knood, a combination of the female hormones estrogen and progesterone, had a much wider application: It prevented conception. However, there were hazards associated with Knood and its hormone-based successors. And eight years after the introduction of the world's first oral contraceptive, scientific studies indicated that use of the pill might have such adverse side effects as blood clotting and even cancer. Then, last month the results of an exhaustive U.S. study removed one major cause for concern: it concluded that daily doses of oral contraceptives do not increase the risk of a woman developing breast cancer.

That form of cancer strikes one woman in 18 in the United States and Canada alone—and scientists already knew that such hormone-related dangers as early menarche or pregnancy can affect a woman's risk of breast cancer for the rest of her life. But a three-year study involving almost 100,000 women showed that birth control pills did not increase breast cancer risks for most users. Declared study director Dr. Richard Kahn, in a report published in *The New England Journal of Medicine* last month, "Our analysis shows no overall increase in the risk of breast cancer among women who used oral contraceptives as compared with women who have never used them." In fact, research conducted at the U.S. Centers for Disease Control in Atlanta, Ga., in 1983 concluded that birth control pills increased protection against ovarian and uterine cancer for up to 18 years after users stopped taking the pills. But using oral contraceptives still carries

some risk. For one thing, researchers say that users who smoke increase their chances of developing heart disease. Still, a *Journal* editorial concluded that the dangers are so small that "the vast majority of users will experience only the benefits."



Pill use: Acknowledged pills, social revolution and breast cancer risks

For 30 million women around the world who rely on birth control pills, including the one million in Canada, research conducted by the Atlanta center and the National Institute of Child Health and Human Development in Bethesda, Md., confirmed earlier smaller studies examining the potential link between oral contraceptives and breast cancer. To that end, researchers first analyzed the medical histories of 4,215 women between the ages of 20 and 54 who had recently learned that they had that form of the disease. Then, they interviewed another 4,278 women, who did not have breast cancer, as a control group.

Their objective: to determine if significantly higher numbers of the cancer victims had also used oral contraceptives. But the scientists discovered that almost 60 per cent of the women in both groups had used birth control pills for varying periods of time. And they also found that such factors as hormone quantities or taking pills for 10 years or more had no effect on a woman's risk of developing breast cancer.

Despite that comforting report, researchers added that they still do not know if oral contraceptives use increases the risks of breast cancer among women who began taking the pill in their mid-teens. Rapid breast development occurs at that time but few teen-aged girls used the pill when it was first introduced. Indeed, widespread use of oral contraceptives is such a recent social phenomenon that the effects of extreme longevity use will not be known for another 10 years. For one thing, there is no data on women who stopped taking the pill after menopause.

In Canada, oral contraceptives are the most popular form of birth control among single women aged 18 to 24 and married women up to the age of 38. Older women and pill users who smoke face a much higher risk of heart disease, according to a 1985 federal health department report which recommended that women switch to other forms of contraception after age 35. Still, for most women in their prime childbearing years, the latest research strongly indicates that they can continue using oral contraceptives without fear of increasing cancer. Declared Dr. Martin Powell, the medical director of Toronto's Bay Centre for Birth Control, "The pill is the best and most effective method of contraception for young, healthy women."

—MARGARET GRAY with JUNE ROGERS in Toronto



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## Snappy supports for men

**S**uspenders present a colorful fashion opportunity for both traditional, conservative dressers and flashy youngsters to express their individuality. And Toronto clothes Harry Rosen says that they are not so much a hidden method of hiding up a man's trousers as an ornamental fashion accessory. And now, suspenders—or knaves, as the British and some Canadians still call them—are the latest fashion trend, showing up everywhere from offices to nightclubs in a wide range of colors and designs, including punky, Madley Mouse, plaidy, and Confederate flags and even naked women. Sold fashion observer Ann Corbin, owner of Vancouver-based Corbin Consulting Ltd.: "They are the perfect accessory for men to be noticed in the office. Suspenders are becoming very hot right now."

Although freemen and hockey players have always worn them, suspenders have usually been regarded simply as an item that older men use to keep their pants up. Rosen, who owns 19 men's fashion stores from Vancouver



Suspenders, stylishly taking up pants

to Quebec City, says that he would never wear them himself because "I have the feeling that my trousers are too weighty on my shoulders," but he added that he can understand those who do. Said Rosen, whose stores sell suspenders for up to \$55: "Traditional people don't have too many options with which they can express their individuality. Wearing a yellow tie is being quite different."

But now younger men are buying suspenders to such an extent that sales by New York-based suspender manufacturer Tilden Ltd. have risen to more than \$1.4 million a year from \$140,000 in 1980. Declared Corbin, Canadian representative for The Fashion Service, a London-based company that markets trends in the clothing industry: "It was an older corporate kind of item to hold up pants, but this new generation of young men is exploding the suspender market into a fashion item as opposed to a functional item."

Not since Robin Williams was rich-kid-and-suspenders in the 1950s *Mr. and Mrs. Smith* in the early 1960s have suspenders enjoyed such attention and such popularity among the young. And the new trend may also be traced back to entertainment sources—Canadian actor Michael J. Fox wore suspenders in the 1985 hit *The Breakfast Club* and U.S. matinee idol Robert Redford put them on for his role in *Out of Africa*. Fashion historians say that suspenders date back to at least as early as 1500 BC in what is now Scandinavia, when men used leather straps on their shoulders to keep a piece of material around their loins. In the 18th century suspenders were considered a novelty, but by the early 1900s they were as popular that men's trousers were manufactured without belt loops.

And in the 1997 catalogue, Sears, Roebuck and Co. reserved the word "breasts" to describe special knaves that were designed to ease round shoulders. Then, Sears sold "men's elastic web suspenders" for eight cents, or a dozen for 36 cents. But even in 1998 suspenders had gained a reputation of being for men of advanced age. Indeed, as article in the 1998 *Men's Wear-Canada Apparel Gazette* stated: "Suspenders have begun to live down the reputation that they are for old men. Not so long ago the feeling was that a man took up suspenders when age had changed his figure and removed his waistline."

The new suspender fashion trend is the almost exclusive possession of males. Corbin says that women do not wear them for reasons that are "from the comfort point of view." Brevets and knaves evidently do not marry well.

—KEVIN SCANLON in Toronto



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# Corpses for a klutz

A CITY CALLED JULY

By Howard Engel  
(Falconer Books, 284 pages, \$19.95)

At the time of his disappearance, Larry Geller, a prominent Jewish lawyer in the fictional town of Granzham, Ont., was carrying \$2.4 million in savings entrusted to him by his clients. The angry victims throw rocks through the windows of his home. Police, lacking clues, are at a loss. It is a case for a champion of hopeless causes, for a loser of a detective with nothing weightier on his agenda than solving out satirists and picking the best from his pet jar: Canada's most appealing fictional private eye, Benny Cooperman.

In his fifth Cooperman pastiche, *A City Called July*, award-winning crime writer Howard Engel has brought back the popular Jewish sleuth to perform his now-familiar routine. The authentic Cooperman still works from his seedy rented room above a hotel bar, and his preferred meal remains

egg salad on white with a glass of milk at the United Cigar Store counter. He still watches at the sight of a corpse, flaps from armed pursuers instead of mowing them down Rambo-style, and his deadpan wit is still comically effective. It was one of these places where they serve a vegetable fume of shoots on top of everything and you need a PhD to understand the menu.

But there are fewer witticisms than in Engel's previous books, and the setting of Granzham seems shrewd. Engel used the archconservative mayor to set in high comic effect in his first two Cooperman mysteries and breeched perfect investivity to other settings for his third and fourth novels. Returning to Granzham in *A City Called July*, the author is less inspired

by it than in the past. Still, Engel's affectionate snapshots of Granzham Jewish life are among the book's most finely observed scenes. One is a funeral where Cooperman fights the hungry crowd to get to the food, saying, "Eating after a funeral is a reaffirmation that the living are still living." But those intriguing glimpses into the community and its uneasy relationship with the wider majority are scarce.

Still, even a slightly flat Benny Cooperman mystery has a good deal more fun than its rambling, unengaged counterparts. The plot perks along at a brisk but not befuddling pace, featuring such dramatic incidents as a kidnapping at gunpoint and the discovery of a corpse embedded in concrete. As in the past, Cooperman operates as an outsider whose detachment and scrupulousness enable him to solve the mystery and triumph in the end. Like a gifted former as an offshoot, he is still seen thus worth the price of admission.

—GILLIAN MACRAE



Engel disposes wit

# Wit as the best defence

ADULT ENTERTAINMENT

By John Metcalf  
(Marmion of Canada, 266 pages, \$19.95)

There is a lesson of raucous in almost everything John Metcalf writes. The Ottawa-based author is clearly irritated by a great deal, from the decay of common decency to the Canadian literary scene, which he ruthlessly parodied in his 1988 novel, *General Laid*. But as the majority of tales in his most recent collection, *Adult Entertainment*, show, his manner is only the protective shell of a sensibility that ranges from ribald humor to sudden stabs of wonder and sensitivity at the small horrors of daily life.

For all their charm, the stories in *Adult Entertainment* are dominated by a single character. Behind the various roles Metcalf chooses for his hero—winner, art gallery owner, tourist—lies the same testy, wisecracking and very male personality. That approach allows Metcalf to play on his strengths as a solid wit and a keen eye for what is pathetic or phony. But it can also lead to the monotony of Polly

Onge, the first story in the collection and its only failure. In that lengthy tale, Metcalf follows Paul Denton, the owner of an Ottawa gallery selling African arts, through a typically frustrating day. Denton's backlist are perpetually up against open-plan houses, dentists in plaid slacks and his lazy son. The trouble is, his character

***Behind the myriad roles that Metcalf chooses for his heroes lies the same testy, wisecracking and very male personality***

is so relentless that the other characters shrink to mere parodies of the things he hates, and Polly Onge becomes a distaste.

But in *Adult Entertainment's* concluding story, Metcalf gets the balance just right. Robert Forde, a fiction writer, is so upset with the world as Paul Denton. But his greater vulnerability lends a poignant humor to his experiences giving a Canada Council-

sponsored reading to a literary club in Northern Ontario. He finds himself surrounded by amateur writers who make up in exuberance what they lack in talent. Forde is kind to them, but inwardly he fumes at the fact that his life as a serious artist leads him to such places, while lesser writers make millions churning out blockbusters about powerful families rising by what he laments as "moist, insipid, possession by the devil." The catalogue continues for a hilarious half-page.

In *Adult Entertainment's* remaining stories, Metcalf's narrators and heroes are less vitriolic, preferring to let the shabbiness of existence condemn itself. In the book's most moving story, *Simple Gods Only*, a young man named David is oppressed almost to immobility by the rigors of his English boarding house. He is rescued by the arrival of Jeremy, an impoverished anarchist who rises above his surroundings through elegant scorn and humor. *Simple Gods* recalls Metcalf's youth in his native England and suggests that he adapted his habit of creating disappointment as a means of survival. In *Adult Entertainment*, it also proves to be a tactic that can reach both the funny bone and the heart.

—JOHN BENDISSE

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The really great statements are made in black.

## Yesterday's Beat hero

DESIGN BOX  
By Ken Kesey  
(Falmag, 316 pages, \$39.95)

In the years since the success of his two novels, *One Flew Over the Cuckoo's Nest* and *Sometimes a Great Notion*, Ken Kesey has become a culturally familiar figure—the American writer whose career has no third act. His first book in 15 years, *Design Box* is a collection of parables, fables, largely pointless essays which Kesey has scraped together over the past decade. Most indicate a novelist whose imagination has dried, a state of affairs of which Kesey himself seems well aware. In a rambling essay on the murder of Seattle John Lennon, he refers to himself as a “fat old bald retired writer.” At another point he writes, “When you get nothing to say, go ahead and say it.”

*Design Box* shows what a retired novelist with nothing to say does: he writes frankly drug-inspired journalism for *Rolling Stone* magazine about trips to the Great Pyramid in Egypt and the Great Wall of China. He writes unstructured reminiscences of Beat Generation hero Neal Cassady. He writes folksy accounts of life on his farm in Mt. Shasta, Ore. At times he is on the edge of transforming his most indulgent readers into neoconcoctatives with his insistence on remaining a psychedelic relic.

Still, the author remains a thoroughly Middle western and a gently humorous one. It is easy to sympathize with Kesey, who behaves with exemplary Christian patience toward the aging hippie pilgrims who stream to his farm to seek guidance from the one-time guru. When he is torn journey to Peking and visits a Chinese glaciologist, Dr. Pang Tu-lan, a survivor of the twists of China's revolution, the shy old fox offers his key to survival: “become broad-minded.”

Kesey's nostalgia have enabled him to isolate himself and retain his countercultural attitudes undisturbed. He counsels others, “Don't forget the Magic Summer of Love in the chilly season of Reagan.” It is a mellow message from an engaging writer. Still, *Design Box* has the air of a rigorous collection between his books. Unfortunately, with Ken Kesey there is a terrible suspicion that the gap is going to continue forever.

— NORMAN FISHER



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# God, sex and software

ROGER'S VERSION

By John Updike  
(Random House, 328 pages, \$29.95)

The 20th century is the age of science, but few contemporary novelists have that faith with the clear-sightedness and energy of John Updike. In *Roger's Version* The American author's (20th novel) is full of talk about computers, evolution, the creation of life and the big bang theory of the origins of the universe. Such intellectual baggage would have convinced the talents of a lesser writer. But Updike manages to carry it off with ease as he confronts crucial questions about the relationship between God and mankind's ever more godlike glimpses into the underlying physical structures of existence.

At the centre of that madstream of concerns is Roger Lambert, a New England professor of divinity whom Updike fans may remember from an earlier novel, *A Month of Sundays*. In that book, Roger left his first wife and the ministry—to marry Esther, a winsome

young member of his congregation. Fourteen years later, in *Roger's Version*, Roger and Esther are living comfortably near the Boston university where Roger specialises in the teachings of early Christian heretics. But one wintry October afternoon his academic idyll is interrupted by Dale Kahr-

**Updike confronts crucial questions about mankind's ever more godlike glimpses into the basic structures of existence**

ler, a fundamentalist Christian and computer geologist. Dale asks Roger to help him obtain funding from the divinity school for his pet project. He wants to use a computer to demonstrate the existence of God. Dale says he believes that scientists' current theories explaining the existence of the world are inadequate, and that "God is

breaking through" the gaps in their knowledge.

Roger is both appalled and fascinated by Dale's fanaticism. Drawing on his own particularly vast reading, he tries to prove to Dale that the attempt is a blasphemous act of optimism. Their debate, fuelled with references to the latest in scientific findings as well as the works of 19th-century British Protestant theologian Karl Barth, would stand as an introduction to many problems of contemporary thought. But the novel lives at ground, more human levels too. The two men goad each other to break with their comfortable presumptions and explore the more sinister sides of their lives. For Roger, the realist of his deepening angst is his suspicion that Dale is having an affair with his wife.

Descriptions of seduction are old hat with Updike. As much as any other serious American fiction writer, he has detailed, and in a strange way validated, the coexistence of carnal infidelity that in *Roger's Version* he achieves a new degree of poignancy and exactness. Oddly, the vehicle of that accomplishment is the imagination of the awkwardly sedate Roger. Because he is the sole narrator of *Roger's Version*, the scenes of lechery between Dale and Esther take place entirely in his head. But they are as graphic and vivid as if he were sitting



Updike: drifting and, in a strange way, validating marital infidelity

loosely beside their bed. On a superficial level, Roger's visual accuracy indicates a certain tendency to voyeurism and an unconscious physical attraction for Dale. But more importantly, the episodes evoke the loneliness of all secret lovers as well as Roger's melancholy. The novel speaks directly about his own jealousy and pain, but they lie beneath the novel's garden of rich

language like a nurturing loam.

Still, Roger has his happy moments when he, too, boldly pursues the possibility of sexual pleasure. This brings his news that Roger's niece Vera, a casual friend of Dale's, has recently moved to the city. Diffidly playing the good uncle, Roger begins to visit the incident 18-year-old and her melancholy baby, Paula, in their ghetto

apartment. He soon finds himself hopelessly attracted. His pursuit of Vera gives Updike the chance to add flesh to his novel, with some sexual realism from the wrong side of the tracks. Updike evades the depressing twinisms of the girl's money, well-heeled romance with romantic ardour. Similarly, his description of Roger and Vera's nightmarish midnight visit to a local hospital to have Paula's broken leg set is a small masterpiece.

The prose style in which Roger tells his sad tale is extraordinarily supple, capable of encompassing a formal philosophical proposition and a prosaic fashion in the same breath. It also confirms Updike as having one of the best eyes for detail of any contemporary American writer. *Roger's Version* is enriched with apt observations—both scientific and human. By the end, the reader palpably feels the pressure of a society where, as Roger says, "there is too much to be known—and too little hope of its adding up to anything." By offering Roger Lambert's complex, troubled soul as a counter for that chaos, Updike eloquently offers the hope that if the contemporary world cannot be understood, it at least can be experienced with a modicum of dignity.

—JOHN BENDISSE

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### TRANSPORTATION

## New lights to save lives

Cruising along a two-lane highway on a hot, sunny day, a driver sees the road ahead, then pulls out to pass a slower car—without seeing an oncoming vehicle because of the shimmering heat radiating from the road surface. The driver may escape with nothing more than a scare, but Transport Canada officials say a simple, effective safety feature—low-intensity daytime headlights

that operate automatically until a driver turns on full beams—would reduce accidents. They note that in 1995 alone 1,841 of 3,774 automobile accidents resulting in fatalities, and 113,935 of 179,678 accidents causing injuries, occurred during daylight hours. According to Federal Transport Minister John Crosbie, equipping all vehicles sold in Canada with such lights by 1999 could reduce the number of daytime vehicle collisions by up to 30 per cent, added Robert Myers, chief of standards and regulations for Transport Canada. "We expect a three-per-cent drop in the number of traffic-related fatalities—120 bodies a year."

Myers analysed studies in other countries, including Sweden, where what transportation experts call "daytime running lights" have been mandatory since 1977. He concluded that lights that are approximately one-fifth the intensity of low-beam headlights markedly improve a vehicle's visibility in daylight. As well, he predicts that the use of daytime running lights will reduce accident damages by \$50 million a year. But representatives of the Canadian automobile industry dispute Transport Canada's conclusions. Said Norman Clark, president of the Motor Vehicle Manufacturers' Association: "No studies of any consequence have been done in North America, and we have reservations about the validity of applying Scandinavian statistics from 1977 to Canada."

Spokesmen for the automakers say they are not opposed to the additional safety feature but add that it will take time to develop the new—and expensive—option. And they say that, because the U.S. government will not make daytime running lights compul-

sory, all the costs of the new safety feature will pass to Canadian consumers.

John Healy, for one, director of technology and systems project engineering for Ontario-based General Motors of Canada Ltd., says that the daytime lights will require a built-in micro-computer which could take up to three years to develop and cost the company



Daylight driving: improving visibility for \$50

up to \$50 per car. Said Healy: "It is much more complicated than just flicking your headlight switch. Good time of a year is not enough for drawings, testing, manufacturing supplies, tooling parts and fitting them."

Still, officials at the Ottawa headquarters of the Canadian Automobile Association (CAA), which has advocated daytime running lights for the past two years, say that the added spending is worthwhile. Said Richard Gaskling, CAA director of technical services: "The effectiveness of these lights is sufficient to offset the costs of installing the system—and the value to human life is 'hard to measure.' Clearly, experts involved in road safety do not consider seatbelts/cosie a strong deterrent in their campaigns."

—NORM MORGES in Toronto

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## BOOKS

# Gently unsettling songs of experience

## THE PROGRESS OF LOVE

By Alice Munro  
(McClelland and Stewart/Toronto  
Globe, 208 pages, \$22.95)

**L**ike its predecessors, Alice Munro's fourth collection of short stories is wonderfully crafted and gently unsettling. In *The Progress of Love*, Munro explores the dreams and memories of a generation of Canadians who, after they have left the farm for the town, try to arrange their lives in a way that they think will be different from those of their parents. But like blades of grass springing up in the parking lot of a suburban shopping mall, images from an abandoned past insistently invade the present.

The weltering of Munro's writing is the rhythms of spoken language. And when she deliberately fractures the classic structure of the short story, beginning at the end and drawing her characters back from experience to innocence, Munro's stories seem as natural as drawing a breath. Trying to make sense of past and present, her characters themselves become storytellers.

In *PWA*, residents of a small town are appalled—and thrilled—by a gay murder-suicide in their midst. Gossamer-thin tales of jealousy or sexual rage. But Peg, the housewife who found the bodies, remains silent. In Peg's determination to carry on—the night of the discovery, she makes spaghetti sauce for her family—Munro describes what amounts to an almost heroic refusal to violate the mystery of death.

Death haunts over many of the stories, pressing Munro's characters to get to the bottom of experience before time runs out. In *The Moon in the Orange Street*, Rhonda Chak, Sam, who grew up on a poor southwestern Ontario farm, returns from prosperous retirement to see his cousin, Edgar. Sam wants to understand their last youthful escape to know why

Edgar married the screwy maid who accompanied them on disastrous trip to Toronto. The past proves intractable: the semi-Edgar merely exists.

In Munro's world, there is no no-

concept and what she means to get down on the page. She describes herself as a plodder: "I don't have sudden bursts of inspiration," she said. "I can only do two things at once. Since housework is eternal and writing is eternal, that's all I can do."

Munro, now 56, has been writing since she was 11. The daughter of a Wingham, Ont., fox breeder, she grew up in a society in which a career as a professional writer was almost unheard of. Headfire to ridicule, she wrote in secret, studied hard in Grade 13 and won a scholarship to the University of Western Ontario. She enrolled in journalism, she said, as "a cover story. If I had said that I wanted to be a writer, there would have been a difficult pause in the conversation." Eventually strained at a prosperous institution locally known as "the country club," she recalls that when she needed money for holidays she sold her blood for \$15 a pint. At 20, she married James Munro, a fellow student, moved to British Columbia, raised three daughters and continued to write. After a divorce, Munro remarried Gerald Frenn, a retired geographer, in 1976.



Munro universal truths from the margins of the dislocated

Throughout the 1980s she wrote and sold the occasional story to such mass-circulation magazines as *Chelseas*. The appearance of her first collection in 1980, *Dance of the Happy*

tales. The past is not a better place—but it is a part of everyone, demanding acknowledgment.

—NATHAN RENDERS

**C**radling a coffee cup in a Toronto kitchen before catching the train home to Chatham, a small southwestern Ontario town, Alice Munro cheerfully acknowledges that she feels both grounded and hard. "When I finish a story," she said, "it's over for me." Despite two Governor General's Awards and widespread acclaim as one of North America's great short-story writers, Munro says that she is haunted by the gap between her original

Rhonda, established Munro as one of those rare writers who can mine details for universal truths. Said Munro: "I don't really know any society but Canada's." But the popularity of her stories in the rest of the English-speaking world as well as Germany and Japan demonstrates that her tales of loss and delicate touch a common longing. Her characters, both those who remain close to the roots and those who leave, are persons in a new world. Through time, Munro, writing from one small corner of the world, helps show people who they are.

—R.R.





Cardinal Woelldridge: a bond to transcend the gulfs of culture and money

## FILMS

## Sisters of the heart

## LOYALTIES

Directed By Anne Hoyer

**A**sperniti-Canadiana co-ventures, *Leopards* is an intriguing drama about the prize of loyalty and the power of friendship. British doctor (Kenneth Welsh) visits his aristocratic wife, Lily (Susan Vassilakou), who has been abandoned in a remote, isolated community of local Indians in northern Alberta. The local residents cannot understand why the family has abandoned England to settle in a sparsely populated house in an isolated town. Almost everyone in the community believes that she is a con artist and that her husband's love for her is a sham. Her marriage is strong. Her resolve slips only when she peers from the balcony of her new home. "It's so far away," she murmurs. "It's so far from." Directed by Anne Wheeler in her feature film debut, *Leopards* is a story of love and loyalty from the land and from the self.

Lily's isolation ends with the arrival of Rosanna (Tatiana Cardinali), a spirited Mitten whom the doctor hires to help Lily with the children. Rosanna has just left her common-law husband, Eddy, after a violent fight, and she and her three children are now living with her mother, Beatrice, in a cramped, disorderly cabin. Initially, the two women are critical of each other: Rosanna sees Lily as spoiled and remote, and Lily views Rosanna as

intelligent but uncivilised. But gradually they develop a friendship which transcends the gulfs of culture and money.

As their bond grows, their relationships with the men in their lives take different paths. Eddy, who first appeared as a violent alcoholic, stops drinking. He enrolls in a government job-training program and goes back the suspenseful *Espresso*. Meanwhile, a shameful secret from the doctor's past strains his relationship with Lily and his children, and erupts in an explosive climax.

Woolridge and Cardinal are both credible and evocative as the two women. And as the doctor, Welsh radiates an edge and tortured charm. But *Lopatin* also offers a fascinating portrait of the rough-and-tumble life of northern Alberta, of its hard times and its people's determined spirit. As the film cuts between the gilded veneer of Lily's house and the poverty but warmth of Roseanne's, it uncovers a vein of the Canadian soul.

WABY JOURNAL

**W**hen Anne Wheeler decided to become a moviemaker in 1970, the former University of Alberta music and mathematics graduate accidentally shot her first feature holding the camera upside down.

But he was able to screen it for an audience by dividing an invited press preview to the ending. Wheeler started learning the film-making craft during his six years with Edison's Film-Sales Associates, doing a range of tasks from editing to producing music scores. He was also a studio assistant, helping out Wheeler to make the most of award-winning actor Alvin Karp. This month, on the eve of her 66th birthday, she recalled her first full-length feature, *Lopushinsky*, to sadness and critical acclaim at the Montreal and Toronto film festivals. She was in the audience at the Washington branch of the Women Make Movies organization, would the film show *Lopushinsky* at her group's annual film festival in March. Sam Jacobs, "Lopushinsky" is the first film I have ever seen to show women from opposite ends of the social scale without being interesting."

Edmonton-born Wheeler's deft handling of the friendship between an upper-class British woman and her African-American lover is a credit to his appeal. Repetitive perceptions of men have preoccupied her work from the beginning, in such short films as *Great Grandmother Augusta* and *Black and Blue*. Her most recent work, *A Change of Heart*, a 1983 60-minute film by Alberta Jewell: Sharon Riss, which deals with a multi-ethnic woman struggling to leave an unhappy marriage.

Wheeler's style was tougher in earlier days, when she says that she felt compelled to assert her talents to local high male colleges. "There was a period," she recalled, "when I wore work boots—with chains." Now, she is shunning her focus from women's issues to more general concerns; her next project will be a Second World War love story. Wheeler also says that she wants to go on making movies about Western Canadians. "I'm going to tell stories about people and places I know—bankers, politicians, shopkeepers." With *Leprosy*, Wheeler has already shown that she can tell regional tales about ordinary people with universal appeal.

—GREGORY PEARS is a Senior Lecturer in the Department of English Literature at the University of York.

## FESTIVALS

## Glimpses of terror, visions of delight

In the opening scene of *Evita*, the "Ende of Ordel," a couple dances across a bridge in Paris. The movie begins as a love story. But Evita's part of an astonishing range of Latin American characters in the last week of Thatcher's Festival of Festivals is only a moment about a heartless country Argentina under military rule. Directed by Fernando Solanas, it follows a number of cubed dancers who flee to Paris to escape the regime. It stages a production based on the choral songs of Argentine composer Carlos Gardel. Despite its theme of loss, the movie is full of music and dance. It ends in a series of brilliant dance scenes. Solanas uses the stylized prancing of the tango to evoke the "stiller" ache for hope.

Tango's wit and polish were typical of the festival's retrospective, titled *Winds of Change*. To mount the event, the largest showcase of Latin American movies ever screened, programmatic Peco Handling and festival deputy director Helga Stephenson selected 36 films from 18 countries, covering the period from 1960 to the present. The industry these films represent face many of the same problems as Canada's movie industry, includ-

Woods of Change offers a rare opportunity to glimpse the breadth and richness of Latin cinema. There was much stylish entertainment, but some of the festival's most electric moments occurred at screenings of movies that simply bore witness to history. The *Mockers of Plaza de Mayo* by Susana Munoz and Leonora Portillo is a documentary about the 30,000 Argentines who disappeared—who were in fact victims of kidnappings ordered by the



military in the late 1970s. The movie unfolds with the urgency of a severed bullet. In 1977, 14 mothers of the 188 children who were among the disappeared began to demonstrate in the main plaza of Argentina's capital, Buenos Aires. Many of the victims' fates are still unknown. After the screening, one of the mothers addressed the festival audience. "What is important about this film," said Benilde Appelbaum, who lost three children, "is that it is a piece of history, a document that can't be changed."

Another documentary proved to be the highlight of the program: *Chile: A General Excuse* by Miguel Littin. It is a four-hour portrait, made at great risk, of Chilean life under the harsh rule of Gen. Augusto Pinochet. Littin worked in complete darkness, and there

was close calls. One day, when Little was getting a haircut, his barber remarked on his plucked eyebrows—purs of his hairline. Little detected the barber's sniggering. "You see something about my eyebrows?" Little was among the 43 guests from Latin America who attended the festival. Brazilian film-maker Souto was the first to speak. He presented *The River of the Star*, which in its plot as well as style challenged authority. The film tells the story of a plain peasant girl who moves to the city. A fortune teller tells her that she will "go far" and go is going to change her life forever. The girl falls for the dream, but the film-maker refuses to let the wealthy Latin American dream materialize, but rather to show the girl's dream as a dream. Souto draws the line at the happy ending in formula mode in the scene. A man's rejection of his wife's dreams is the theme of *Wishful of Love* and the theme of

— MARNE JACKSON in Toronto with  
WILSON BUIE in Boston.

## MACLEAN'S BEST-SELLER LIST

## Fiction

- 1 A Matter of Honour, Archer (M)
- 2 Red Storm Rising, Clancy (C)
- 3 A Perfect Spy, Le Carre (L)
- 4 Act of Will, Bradford (B)
- 5 The Bourne Supremacy, Ludlum
- 6 Power of the Sword, Swift (S)
- 7 Windheart, Steel (S)
- 8 The Take Manhattan, Krentz (K)
- 9 Suspect, Connelly (C)
- 10 Lost of the Front, L'Amour (L)

## Methods

- 2 Fatherhood, Cusley (1)
- 2 Fit for Life, Diamond and Diamond (2)
- 2 Invitation to a Royal Wedding, Paul (2)
- 2 The Nutrition Diet, Katsulis (1)
- 2 James Herriot's Dog Stories, Herriot (2)
- 2 Ford, The Men and the Machine, Leary (3)
- 2 Vasey, Brown
- 2 100 Best Companies to Work for in Canada, Jones, Perry & Laps (1)
- 2 Rock Hudson, His Story, Hudson with Davidson (6)
- 2 Callaghan, Pinetop with Boston: (1) Pollution last week  
Continued on Frontmost Meltline

# Jail cells with no pretty blondes

By Allan Fotheringham

**W**ashington is aflame with outrage over the Soviet jailing of American reporter Nick Dunfield, and the town is abuzz with gossip. I was arguing the case with a former Moscow correspondent, who maintained that I couldn't understand the attitudes of the Russians and their jails. Not true. For anything as simple as this has been in Soviet jails, true. But even so, the whole I would rather be on the outside.

This was a thousand years ago, when the world was young and such capers seemed grand adventure, not quite up to the level of Mr. Dunfield's troubles. The year was 1969. The first year the Soviet Union allowed foreigners to bring in their own automobiles for travel in certain areas. Three of us—two journalists, one lawyer—thought it would be a brilliant idea to take a Volkswagen, drive up to Finland, enter Mother Russia at the very top and navigate all the way down to the bottom, cross Romania and Bulgaria, and emerge in Turkey. The one rule was that we would have to be accompanied by a "guide" from the Interior, the government travel agency.

The three of us sat in the investigation room on the Finno-Soviet border, watching while each visiting group of tourists were outfitted up with Interior guides—most of them fat ladies in black or rusty red with mountains. There was one slim, attractive blonde girl. The three Caucasians looked at each other in wondering hope but knowledgeable fatalism—we couldn't be that lucky. As each name was called out, I suddenly realized how a Miss Canada finalist felt. Eventually everyone was paroled out, and there she was, to our disbelief, our own personal den mother.

Ella Derzhkova was 22, a graduate of Leningrad University, a member of the Young Communist League. She spoke impeccable Oxford English and loved *My Fair Lady*. Those were delightful days, three young men and a lovely young lady in a Volvo zooming the USSR from top to bottom in sunny summer weeks. We took Ella to the balcony. Fotheringham is a columnist for *Southern News*.

let in Leningrad. We swept her around the dance floor in the hotel dining rooms in Moscow, three attentive men making her the envy of every female eye in the place. She loved the attention.

We wandered the petitive roads, heading ever south, eye on the gas gauges, pondering the maps, trying to find the elusive farmhouse that was supposed to supply our fuel at every portage point. In a pinch, tractor gas. We left the Alexander Moshkova or Samuel Moshkov or Chomplatin, to say the least.

She wondered why we wanted to take pictures of the big cables in the lovely



woods outside Leningrad or the sad farmhouses deep in southern Russia. The answer was that they were unusual. When she was a small child during the siege of Leningrad, with dad, from whose body she hid in the street like a cowbird, she lay in her bunk for weeks, her parents conserving her strength since there was little but raw potatoes to eat. She did not like to see pictures taken of the poor parts of her country.

In Kharkov, on the edge of the Ukraine, my journalist buddy and I took pictures of a long line of women shoppers outside a grocery shop—with our den mother about that afternoon. The police were called, we were charged in jail, and just as Ella's mom, Ella arrived to rescue us. Naughty boys.

In Kiev, delightful Kiev (not for lovely Chernobyl), a hitchhiker developed. It seemed the Romanians would not grant us a visa—as had been promised in London and Moscow—to drive across their country. To south as the Romanians said Bulgaria had okayed a visa. But to get to

Bulgaria you had to cross Romania—one of these Catch-22s that the Soviets love so well.

Well, inquiries showed there was a ship leaving Odessa on the Black Sea, stopping in ports in Romania and Bulgaria and continuing on to Istanbul. We would, we proposed, drive from Kiev the 350 km down to Odessa, get the car on the ship and be gone. No, there was a problem. First, there was no road between Kiev and Odessa (the Black Sea, the most blood-thirsty in the world). No road between two of the major cities in the nation? Come on now! Well, it appeared there might be a road, but foreigners were not allowed on it. In the end, we had to take the train, while hiring a driver to transport the car between the two centers that previously had no road.

It is the final night in Odessa. A beautiful farewell dinner, filled with much wine and many affectionate toasts to a waning friendship, on a hotel terrace overlooking a magnificent harbor at sunset. Ella took us to the dock, hid us in a food cart, kissed us tenderly—and turned us over to the police, who demanded all our film. The larger, better a lawyer, surrounded him

without question and fed aboard ship.

My stubborn mate and I refused to go on the gangplank, demanding our film. It would be returned quickly, we were told, as soon as it was developed and checked for naughty bits. The standoff developed and midnight approached. We refused to board ship. We were tossed in the slammer, all these beautiful thoughts of Ella dissolving by the minute. There was no intention, of course, of the film being checked or returned.

The debate, through interpreters, went on all night. Dawn approached, and the Soviet fun came to the two principled journalists with a calm and simple explanation of the facts. The ship was leaving Odessa to cross the Black Sea for Istanbul at 6 a.m. The next ship was not arriving for two weeks, our visas expired the next morning and we would be the guests of the Soviet Union, without visas. The two principled journalists, without their film, walked up the gangplank.



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